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# ABLV Bank, AS in liquidation

Interim Condensed Non-audited  
Consolidated and Separate  
Financial Statements

for the six-month period ended 30 June 2018

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# Liquidation Committee Report

Ladies and gentlemen, dear shareholders and creditors of ABLV Bank, AS in liquidation!

After the Proposal released on 13 February 2018 by the Financial Crimes Enforcement Network of the U.S. Department of Treasury, on 26 February 2018 the extraordinary general meeting of shareholders of ABLV Bank, AS upheld a decision on voluntary liquidation in order to ensure maximum protection of the interests of clients and creditors. On 12 June 2018, the Financial and Capital Market Commission (hereinafter - FCMC) approved the application for voluntary liquidation submitted on 5 March 2018, which makes 12 June 2018 the official day of commencement of liquidation of the bank.

As the voluntary liquidation was approved, the members of the Board and Council of the bank lost their power, and the operation was taken over by the Liquidation Committee of the bank as the decision-making body, consisting of four liquidators approved by the FCMC. Two of them have the relevant knowledge and experience in finance and commerce, while other two are sworn attorneys. The team consists of sworn attorneys Eva Berlaus and Elvijs Vēbers, real estate and finance expert Andris Kovaļčuks, and corporate finance expert Arvīds Kostomārovs. To support the liquidators, there are also independent experts and an international auditor company Ernst & Young with the experts from at least five countries engaged.

On 18 June 2018, ABLV Bank, AS in liquidation published an announcement about the liquidation of the bank in the official newspaper "Latvijas Vēstnesis", and that day marks the start for the 3-month term for lodging creditors' claims. The creditors are welcome to lodge their claims (or complaints) to the bank by 18 September 2018 (inclusive) by submitting them to the Liquidation Committee at 23 Elizabetes Street, Riga, LV-1010, Latvia.

Given the number of creditors, after the deadline for lodging claims is over there will be about three months necessary to review and accept the claims and compile a list of creditors. After the list of creditors is drawn up, the disbursements shall start, starting from the so-called creditors of second order. Creditors of the first order – those having deposits up to EUR 100,000 – already can receive their funds since 3 March through disbursements from the Deposit Guarantee Fund.

The objective of the voluntary liquidation is to satisfy claims and interests of all creditors of the bank to 100%. This implies a list of measures to ensure that ABLV settles in full with all the creditors. ABLV Bank, AS in liquidation anticipates that by the end of 2020 there will be about 95% of total amount of deposits disbursed, including the funds already transferred for the payment of guaranteed compensations as provided by the law. The remaining amount of deposits, as well as other creditors' claims, including the bonds and subordinated claims, are planned to be disbursed in the course of further liquidation. Overall, it is assumed that the liquidation process might take up to 5 years.

The amount of assets of ABLV Bank, AS in liquidation is sufficient to cover the claims of all creditors. The key financial indicators as at 30 June 2018 are as follows:

- total assets: EUR 2.38 billion;
- deposits: EUR 1.60 billion;
- capital and reserves: EUR 315.0 million;
- profit of previous periods: EUR 117.6 million.

Having approved the voluntary liquidation of the bank, on 12 June 2018 the FCMC submitted an application to the European Central Bank about the withdrawal of the license of a credit institution of ABLV Bank, AS in liquidation. The withdrawal of the license was one of the steps provided in the bank's voluntary liquidation plan, and on 11 July 2018 the ECB made the decision to withdraw the license. With this decision of the ECB, ABLV Bank, AS in liquidation immediately terminated rendering any financial services that require a banking license, as well as closed all current accounts to all persons, who had had such accounts opened with ABLV Bank, AS.

Besides, on 17 April 2018, attorneys from the U.S. law firm WilmerHale sent a letter of comments to the Financial Crimes Enforcement Network of the U.S. Department of Treasury about the Proposal released by the FinCEN on 13 February 2018. In the letter, they ask FinCEN to revoke their statement and the proposal in it. In the opinion of the attorneys, the FinCEN has not taken into account a list of significant circumstances, as well as forwarding the proposal for the final rule is no longer legally justified and practically reasonable since the bank has made a decision about voluntary liquidation.

Whereas in May the bank and its major shareholders filed an application to the European Court of Justice, requesting to assess the decisions made on 23 February 2018 by the ECB and the Single Resolution Board, which forced the shareholders of the bank to make a decision on the liquidation of the bank. The claims filed to the court do not suspend the decision of liquidation, yet filing these claims is important for the reputation of the bank, its employees and partners, as well as for recovering the possible compensation of losses in case the court decision turns out to be in favour of the bank and its shareholders.

Following the liquidation process, in Q2 2018 the optimisation of the company's operation continues: the structure of the company was reorganised, and some employment relationships were terminated with the employees, whose services are no longer required in the liquidation process.

We would like to thank creditors, clients, employees and shareholders for their understanding and support in the course of the voluntary liquidation of the bank!

**Arvīds Kostomārovs**  
Liquidator of ABLV Bank, AS in Liquidation

**Andris Kovaļčuks**  
Liquidator of ABLV Bank, AS in Liquidation

Riga, 31 August 2018

## Information about the Bank's Management

On 12 June 2018, the FCMC upheld the decision of shareholders' meeting on voluntary liquidation; the date can be considered as the date of initiation of the bank's voluntary liquidation.

As of 13 June 2018, the board and the council of the bank have lost their powers. The following persons left the position of the bank's board members: Rolands Citajevs, Māris Kanneņieks, Edgars Pavlovičs, Vadims Reinfelds, Romands Surnačovs and Chairman of the Board Ernests Bernis, and the following persons left the positions as council members: Jānis Butkevičs, Aivis Ronis un Aleksandrs Rjabovs, Deputy Chairman of the Council Jānis Krīģers and Chairman of the Council Oļegs Fiļs.

Having regard to the decision as of 14 June 2018 made in the Enterprise Register of the Republic of Latvia, information regarding the appointment of the liquidators of ABLV Bank, AS in liquidation has been registered with the Commercial Register:

### liquidators:

Eva Berlaus  
Arvīds Kostomārovs  
Andris Kovaļčuks  
Elvijs Vēbers

### Information on the Council and the Board of the bank during the reporting period:

#### The council of the bank:

#### Term of office (effective until 13/06/2018):

Chairman of the Council: Oļegs Fiļs	29/09/2017 – 28/09/2022
Deputy Chairman of the Council: Jānis Krīģers	29/09/2017 – 28/09/2022
Members of the Council: Jānis Butkevičs	29/09/2017 – 28/09/2022
Aivis Ronis	29/09/2017 – 28/09/2022
Aleksandrs Rjabovs	29/09/2017 – 28/09/2022

#### The board of the bank:

#### Term of office (effective until 13/06/2018):

Chairman of the Board: Ernests Bernis - Chief Executive Officer (CEO)	02/05/2017 – 01/05/2022
Deputy Chairman of the Board: Vadims Reinfelds – Deputy Chief Executive Officer (dCEO)	02/05/2017 – 01/05/2022
Members of the Board: Edgars Pavlovičs – Chief Risk Officer (CRO)	02/05/2017 – 01/05/2022
Māris Kanneņieks – Chief Financial Officer (CFO)	02/05/2017 – 01/05/2022
Rolands Citajevs – Chief IT Officer (CIO)	02/05/2017 – 01/05/2022
Romans Surnačovs – Chief Operating Officer (COO)	02/05/2017 – 01/05/2022

Aleksandrs Pāže – Chief Compliance Officer (CCO)	<b>Has left the position of the bank's Board Member:</b> 02/05/2017 – 21/02/2018
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On 21 February 2018 an application for stepping down from the position as a Member of the bank's board from the Chief Compliance Director (CCO) Aleksandrs Pāže was received.

## Statement of the Management's Responsibility

The liquidators of ABLV Bank, AS in liquidation (hereinafter – the bank) are responsible for preparation of the interim condensed financial statements for the six-month period of the bank as well as for preparation of the consolidated interim condensed financial statements of the bank and its subsidiaries (hereinafter – the group).

The interim condensed financial statements for six-month period and notes thereto set out on pages 11 to 35 are prepared in accordance with the source documents and present truly and fairly the financial position of the bank and the group as at 30 June 2018 and 31 December 2017, and the results of their operations, changes in the shareholders' equity and cash flows for the six-month periods ended 30 June 2018 and 30 June 2017.

The aforementioned interim condensed financial statements for the six-month period are prepared on in conformity with IAS 34 International Financial Reporting Standards as adopted by the European Union. Prudent and reasonable judgements and estimates have been made by the management in the preparation of the interim condensed financial statements for the six-month period.

Liquidators of the bank (hereinafter – the management) are responsible for the maintenance of a proper accounting system, safeguarding the group's assets, and prevention and detection of fraud and other irregularities in the group. The liquidators of the bank are also responsible for observing compliance with the Law of the Republic of Latvia on Credit Institutions, Regulations of the Bank of Latvia and the FCMC, and other laws of the Republic of Latvia as well as European Union Regulations applicable to credit institutions.

**Arvīds Kostomārovs**

Liquidator of ABLV Bank, AS in Liquidation

Riga, 31 August 2018

**Andris Kovaļčuks**

Liquidator of ABLV Bank, AS in Liquidation

# Interim Condensed Statements of Comprehensive Income

EUR'000

	Note	Group		Bank	
		01.01.2018.– 30.06.2018.	01.01.2017.– 30.06.2017.	01.01.2018.– 30.06.2018.	01.01.2017.– 30.06.2017.
Interest income		28,523	42,248	26,771	39,998
Interest expense		(8,288)	(10,647)	(6,929)	(9,595)
<b>Net interest income</b>		<b>20,235</b>	<b>31,601</b>	<b>19,842</b>	<b>30,403</b>
Commission and fee income		7,147	22,195	4,452	18,270
Commission and fee expense		(1,187)	(3,606)	(1,697)	(5,927)
<b>Net commission and fee income</b>		<b>5,960</b>	<b>18,589</b>	<b>2,755</b>	<b>12,343</b>
Net gain from transactions with financial instruments		(12,385)	8,817	(11,442)	8,899
Net result from transaction with repossessed real estate		(187)	(497)	-	-
Other income		11,784	1,613	11,397	1,922
Other expenses		(9,206)	(888)	(738)	(758)
Dividend income		54	54	54	3,274
Impairment allowance for loans	3	(135)	918	(107)	927
Impairment allowance for memorandum items	3	174	-	174	-
Impairment allowance for investments in subsidiaries	7	-	-	(22,694)	(1,838)
Impairment allowance for financial instruments	3	2,001	128	1,863	128
<b>Operating income</b>		<b>18,295</b>	<b>60,335</b>	<b>1,104</b>	<b>55,300</b>
Personnel expense		(23,936)	(24,790)	(19,260)	(19,909)
Other administrative expense		(10,966)	(7,916)	(9,140)	(6,492)
Amortisation and depreciation		(2,015)	(2,086)	(1,616)	(1,554)
<b>(Loss)/profit before corporate income tax</b>		<b>(18,622)</b>	<b>25,543</b>	<b>(28,912)</b>	<b>27,345</b>
Corporate income tax		(26)	(1,307)	(25)	(1,002)
<b>Net (loss)/profit for the reporting period</b>		<b>(18,648)</b>	<b>24,236</b>	<b>(28,937)</b>	<b>26,343</b>
<b>Attributable to:</b>					
Shareholders of the bank		(18,822)	24,197		
Non-controlling interests		174	39		
<b>Other comprehensive income which has been or is to be reclassified to profit or loss</b>					
Changes in fair value of revaluation reserve of available-for-sale financial assets		(6,022)	1,898	(6,022)	1,740
Change to income statement as a result of sale of available-for-sale securities		8,857	(465)	8,755	(423)
Changes in deferred corporate income tax		-	(53)	-	(53)
<b>Other comprehensive income which has been or is to be reclassified to profit or loss, total</b>		<b>2,835</b>	<b>1,380</b>	<b>2,733</b>	<b>1,264</b>
<b>Other comprehensive income in the reporting period not recognized through profit / loss</b>					
Changes in revaluation reserve of capital securities measured at fair value through other comprehensive income		6	-	6	-
<b>Total other comprehensive income in the reporting period not recognized through profit / loss</b>		<b>6</b>	<b>-</b>	<b>6</b>	<b>-</b>
<b>Total amount of other comprehensive income</b>		<b>2,841</b>	<b>1,380</b>	<b>2,739</b>	<b>1,264</b>
<b>Total amount of comprehensive income</b>		<b>(15,807)</b>	<b>25,616</b>	<b>(26,198)</b>	<b>27,607</b>
<b>Attributable to:</b>					
Shareholders of the bank		(15,981)	25,577		
Non-controlling interests		174	39		

**Arvīds Kostomārovs**

Liquidator of ABLV Bank, AS in Liquidation

**Andris Kovaļčuks**

Liquidator of ABLV Bank, AS in Liquidation

Riga, 31 August 2018

# Interim Condensed Statements of Financial Position

		EUR'000			
		Group		Bank	
		30.06.2018.	31.12.2017.	30.06.2018.	31.12.2017.
Assets	Note				
Cash and demand deposits with central banks	4	1,016,500	404,536	1,012,895	402,514
Balances due from credit institutions	5	97,119	219,439	64,582	233,086
Derivatives		297	1,942	-	96
Financial assets at fair value through profit or loss*		54,923	24,801	13,411	13,129
Financial assets at fair value through other comprehensive income*		111,437	1,074,791	45,608	995,749
Financial assets at amortised cost*		1,076,631	1,935,971	1,032,404	1,827,765
Loans and advances	6	829,795	1,037,956	802,545	996,098
Loans to credit institutions	5	12,998	52,464	12,556	52,047
Debt securities		233,838	845,551	217,303	779,620
Investments in subsidiaries	7	-	-	161,572	157,651
Investments in associates	7	9,132	9,528	8,635	8,735
Investment properties		59,163	55,857	-	20,875
Property and equipment		42,656	45,261	2,669	9,405
Intangible assets		4,618	5,538	4,495	5,390
Current corporate income tax receivables		3,109	2,093	2,377	1,468
Deferred corporate income tax receivables		-	1,096	-	-
Repossessed real estate		31,297	33,570	-	-
Other assets		13,169	5,648	24,650	3,483
<b>Total assets</b>		<b>2,520,051</b>	<b>3,820,071</b>	<b>2,373,298</b>	<b>3,679,346</b>
<b>Liabilities</b>					
Derivatives		334	29	-	12
Balances held with Bank of Latvia		-	50,000	-	50,000
Demand deposits from credit institutions		6,112	22,289	8,540	31,394
Term deposits due to credit institutions		8,773	13,601	2,106	9,801
Deposits	8	1,697,610	2,819,332	1,591,586	2,679,950
Current corporate income tax liabilities		-	69	-	-
Other liabilities		42,546	35,682	16,417	15,616
Provisions		11	-	11	-
Issued securities	9	428,518	515,842	427,463	529,327
Subordinate deposits	10	12,172	12,341	12,172	12,341
<b>Total liabilities</b>		<b>2,196,076</b>	<b>3,469,185</b>	<b>2,058,295</b>	<b>3,328,441</b>
<b>Shareholders' equity</b>					
Paid-in share capital	11	42,080	42,080	42,080	42,080
Share premium		179,295	179,295	179,295	179,295
Reserve capital and other reserves		2,172	2,222	2,134	2,134
Revaluation reserve		2,888	(314)	2,875	(366)
Retained earnings brought forward		112,094	72,123	117,556	82,581
Retained earnings for the period		(18,822)	51,386	(28,937)	45,181
<b>Attributable to the equity holders of the bank</b>		<b>319,707</b>	<b>346,792</b>	<b>315,003</b>	<b>350,905</b>
<b>Non-controlling interests</b>		<b>4,268</b>	<b>4,094</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>		<b>323,975</b>	<b>350,886</b>	<b>315,003</b>	<b>350,905</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,520,051</b>	<b>3,820,071</b>	<b>2,373,298</b>	<b>3,679,346</b>
<b>Memorandum items</b>					
Contingent liabilities	12	6,443	7,314	6,353	7,227
Financial commitments	12	41,138	152,250	28,894	145,903

\* - these financial statements as at 30 June 2018 are presented in accordance with IFRS 9, while financial data as at 31 December 2017 are presented in accordance with IAS 39. The classification and accounting principles for financial assets and financial liabilities applied in accordance with IFRS 9 as at 30 June 2018 and in accordance with IAS 39, as at 31 December 2017, are different.

**Arvīds Kostomārovs**  
Liquidator of ABLV Bank, AS in Liquidation

**Andris Kovaļčuks**  
Liquidator of ABLV Bank, AS in Liquidation

Riga, 31 August 2018

The accompanying notes on pages 11 to 35 form an integral part of these interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018

## Interim Condensed Statement of Changes in Shareholders' Equity of the Group

	EUR'000							
	Paid-in share capital	Share premium	Reserve capital and other reserves	Revaluation reserve of financial assets at fair value	Retained earnings	Attributable to the equity holders of the bank	Non-controlling interest	Total shareholders' equity
<b>01.01.2017.</b>	<b>38,300</b>	<b>132,423</b>	<b>2,217</b>	<b>1,127</b>	<b>155,975</b>	<b>330,042</b>	<b>2,271</b>	<b>332,313</b>
Net profit for the reporting period	-	-	-	-	24,197	24,197	39	24,236
Other comprehensive income/(expense) for reporting period	-	-	-	1,380	-	1,380	-	1,380
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,380</b>	<b>24,197</b>	<b>25,577</b>	<b>39</b>	<b>25,616</b>
Increase in reserves	-	-	5	-	(36)	(31)	-	(31)
Dividends paid	-	-	-	-	(73,153)	(73,153)	(332)	(73,485)
Issue of shares	3,780	46,872	-	-	-	50,652	1,200	51,852
<b>30.06.2017.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,222</b>	<b>2,507</b>	<b>106,983</b>	<b>333,087</b>	<b>3,178</b>	<b>336,265</b>
<b>31.12.2017.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,222</b>	<b>(314)</b>	<b>122,415</b>	<b>345,698</b>	<b>4,094</b>	<b>349,792</b>
Result of IFRS 9 implementation	-	-	-	367	(10,413)	(10,046)	-	(10,046)
<b>01.01.2018.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,222</b>	<b>53</b>	<b>112,002</b>	<b>335,652</b>	<b>4,094</b>	<b>339,746</b>
Net profit for the reporting period	-	-	-	-	(18,822)	(18,822)	174	(18,648)
Other comprehensive income/(expense) for the reporting period	-	-	-	2,927	-	2,927	-	2,927
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,927</b>	<b>(18,822)</b>	<b>(15,895)</b>	<b>174</b>	<b>(15,721)</b>
Decrease in reserves	-	-	(50)	-	-	(50)	-	(50)
Trade result of capital securities measured at fair value through other comprehensive income	-	-	-	(92)	92	-	-	-
<b>30.06.2018.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,172</b>	<b>2,888</b>	<b>93,272</b>	<b>319,707</b>	<b>4,268</b>	<b>323,975</b>



## Interim Condensed Statement of Changes in Shareholders' Equity of the Bank

	EUR'000					
	Paid-in share capital	Share premium	Reserve capital and other reserves	Revaluation reserve of financial assets at fair value	Retained earnings	Total shareholders' equity
<b>01.01.2017.</b>	<b>38,300</b>	<b>132,423</b>	<b>2,134</b>	<b>1,139</b>	<b>165,319</b>	<b>339,315</b>
Net profit for the reporting period	-	-	-	-	26,343	26,343
Other comprehensive income/(expense) for reporting period	-	-	-	1,264	-	1,264
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,264</b>	<b>26,343</b>	<b>27,607</b>
Dividends paid	-	-	-	-	(73,153)	(73,153)
Issue of personnel shares	3,780	46,872	-	-	-	50,652
Issue of shares	3,780	46,872	-	-	-	50,652
<b>30.06.2017.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,134</b>	<b>2,403</b>	<b>118,509</b>	<b>344,421</b>
<b>31.12.2017.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,134</b>	<b>(366)</b>	<b>127,762</b>	<b>350,905</b>
Result of IFRS 9 implementation	-	-	-	502	(10,298)	(9,796)
<b>01.01.2018.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,134</b>	<b>136</b>	<b>117,464</b>	<b>341,109</b>
Net profit for the reporting period	-	-	-	-	(28,937)	(28,937)
Other comprehensive income/(expense) for the reporting period	-	-	-	2,831	-	2,831
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,831</b>	<b>(28,937)</b>	<b>(26,106)</b>
Trade result of capital securities measured at fair value through other comprehensive income	-	-	-	(92)	92	-
Issue of shares	42,080	179,295	2,134	2,875	88,619	315,003
Increase in non-controlling interests	-	-	-	-	-	-
<b>30.06.2018.</b>	<b>42,080</b>	<b>179,295</b>	<b>2,134</b>	<b>2,875</b>	<b>88,619</b>	<b>315,003</b>

## Interim Condensed Cash Flow Statements

	EUR'000			
	Group	Group	Bank	Bank
	01.01.2018.– 30.06.2018.	01.01.2017.– 30.06.2017.	01.01.2018.– 30.06.2018.	01.01.2017.– 30.06.2017.
<b>Cash flows from operating activities</b>				
(Loss)/profit before corporate income tax	(18,622)	25,543	(28,912)	27,345
Dividend income	(54)	(54)	(54)	(3,274)
Amortisation and depreciation of fixed assets and investment properties	2,015	2,086	1,616	1,554
Revaluation of investment property	(580)	-	-	-
Impairment of property and equipment	6,428	-	(4,537)	-
Impairment of investments in subsidiaries	-	-	22,694	1,838
(Income) / expenses on investment based on equity method	288	(134)	-	-
Impairment loss	(2,040)	(1,046)	(1,930)	(1,055)
Realised (income)/expenses of financial assets at fair value through other comprehensive income	8,857	(465)	8,755	(423)
Interest (income)	(28,523)	(42,248)	(26,771)	(39,998)
Interest expense	8,288	10,647	6,929	9,595
Realised (income) on financial assets at fair value through profit or loss	2,713	(648)	513	(648)
<b>Net cash flows from operating activities before changes in assets and liabilities</b>	<b>(21,230)</b>	<b>(6,319)</b>	<b>(21,697)</b>	<b>(5,066)</b>
Decrease/ (increase) in due from credit institutions	4,811	13,751	4,812	7,857
(Increase) in loans	194,904	(36,390)	188,874	(18,041)
(Increase)/decrease in financial assets at fair value through profit or loss	(32,359)	5,922	(319)	5,522
Decrease/(increase) in other assets	(5,293)	(2,295)	(5,032)	(1,006)
Increase/(decrease) in balances due to credit institutions	(49,886)	3,933	(49,913)	0
(Decrease)/increase in deposits	(1,161,082)	80,683	(1,127,725)	46,035
(Decrease) in derivatives	1,951	(1,124)	85	(70)
(Decrease)/increase in other liabilities	7,028	5,263	1,043	4,227
<b>Net cash flows from operating activities before corporate income tax</b>	<b>(1,061,156)</b>	<b>63,424</b>	<b>(1,009,872)</b>	<b>39,458</b>
Interest received in the reporting year	40,044	48,017	36,704	44,600
Interest (paid) in the reporting year	(10,501)	(11,048)	(9,142)	(9,996)
Corporate income tax (paid)	(1,065)	(1,341)	(889)	(747)
<b>Net cash flows from operating activities</b>	<b>(1,032,678)</b>	<b>99,052</b>	<b>(983,199)</b>	<b>73,315</b>
<b>Cash flows from investing activities</b>				
(Purchase) of financial assets at amortised cost	(11,183)	(6,791)	(5,713)	(1,875)
Redemption of financial assets at amortised cost	401,754	120,499	339,050	118,423
(Purchase) of financial assets at fair value through other comprehensive income	(135,900)	(133,220)	(83,690)	(101,333)
Sale of financial assets at fair value through other comprehensive income	1,385,916	263,591	1,315,531	237,887
(Purchase) of intangible and tangible assets and investment properties	(9,737)	(4,599)	(1,221)	(1,064)
Sale of intangible and tangible assets	2,095	282	1,593	240
Dividends received	54	54	54	3,274
Decrease in investments in subsidiaries and associated companies	-	-	100	-
(Increase) in investments in subsidiaries and associated companies	108	(8)	(11,740)	(9,007)
<b>Net cash flows from investing activities</b>	<b>1,633,107</b>	<b>239,808</b>	<b>1,553,964</b>	<b>246,545</b>
<b>Cash flows from financing activities</b>				
Increase of subordinated loans	-	-	-	-
(Repayment) of subordinated loans	(350)	(1,732)	(350)	(1,732)
Sale of issued securities	-	81,875	-	82,973
(Repurchase) of issued securities	(93,429)	(116,387)	(107,969)	(118,896)
Dividends (paid)	-	(73,485)	-	(73,126)
Increase in non-controlling interest	-	1,200	-	-
Issue of shares	-	50,652	-	50,652
<b>Net cash flows from financing activities</b>	<b>(93,779)</b>	<b>(57,877)</b>	<b>(108,319)</b>	<b>(60,129)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>506,650</b>	<b>280,983</b>	<b>462,446</b>	<b>259,731</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>623,342</b>	<b>594,637</b>	<b>625,863</b>	<b>598,762</b>
Result from revaluation of foreign currency positions	(30,798)	(7,045)	(24,846)	(15,746)
<b>Cash and cash equivalents at the end of the year</b>	<b>1,099,194</b>	<b>868,575</b>	<b>1,063,463</b>	<b>842,747</b>

	EUR'000			
	Group	Group	Bank	Bank
	30.06.2018.	30.06.2017.	30.06.2018.	30.06.2017.
<b>Cash and cash equivalents</b>				
Cash and deposit with central banks	1,016,500	442,770	1,012,895	433,785
Balances due from credit institutions	91,645	454,916	59,108	455,548
Balances due to credit institutions	(8,951)	(29,111)	(8,540)	(46,586)
<b>Total cash and cash equivalents</b>	<b>1,099,194</b>	<b>868,575</b>	<b>1,063,463</b>	<b>842,747</b>

Information about balances due from credit institutions other than cash equivalents is presented in Note 5.

## Notes to the Interim Condensed Financial Statements for the six-month period ended 30 June 2018

### 1. Note

#### General information

ABLV Bank, AS in liquidation Reg. No. 50003149401 was registered in Aizkraukle, Republic of Latvia, on 17 September 1993, as a joint stock company. At present, the legal address of the bank is Elizabetes Street 23, Riga, LV-1010, Latvia.

Information on the bank's business activity is included in the Liquidation Committee Report, as well as on the bank's website <https://www.ablv.com/lv/legal-latest-news/ablv-bank-self-liquidation>.

During the reporting period, the bank operated in accordance with the laws and regulations of the Republic of Latvia and the licence issued by the Financial and Capital Market Commission that allows the bank to render all the financial services specified in the Law on Credit Institutions. The bank was issued licence on 9 September 1993 by the Bank of Latvia, it was later re-registered with the Financial and Capital Market Commission under No. 06.01.05.001/313.

The financial data of the reporting period was affected by the announcement by the US Treasury Department of the Financial Crimes Network (FinCEN) of 13 February 2018 that resulted in the bank's operation being hampered. Despite the accumulation and immediate availability of more than 1.36 billion euros in the bank during the week to enable it to resume its work, the bank received the FCMC Board Decision "On the Unavailability of Deposits" in the bank on 23 February 2018. This decision per se meant that the bank's liquidation process has to be launched. For maximum protection of clients and creditors, ABLV Bank shareholders on 26 February 2018, upheld the decision on the voluntary liquidation.

On 12 June 2018, the FCMC approved the bank's voluntary liquidation. All members of the Board and Council of the bank lost their powers with this decision of the FCMC. Following the decision of the Registry of Enterprises of the Republic of Latvia as of 14 June 2018, the information recorded in the commercial register on the assignment of liquidators of ABLV Bank, AS in liquidation, who took over the functions of the bank's Board and Council and whose task is to maximize the return on the sale of bank assets to meet the interests of all creditors.

On 11 July 2018, the ECB adopted a decision to annul the license of ABLV Bank, AS in liquidation, for the operation of a credit institution. This decision came into force on 12 July 2018. Annulment of the license is one of the steps under the bank's voluntary liquidation plan.

These consolidated and separate financial statements contain the financial information about ABLV Bank, AS in liquidation and its subsidiaries. The separate financial statements of the bank are included in these consolidated financial statements to comply with legal requirements. The bank is the parent entity of the group.

In order to ensure fulfillment of obligations, in February 2018 the Bank's Management Board made a decision on the sale of a significant number of securities that were measured at fair value through other comprehensive income, as well as debt securities measured at amortized cost (Held-to-Collect (HTC)).

The option to sell debt securities measured at amortized cost without changing these business models was previously foreseen in the Group's Policy on Securities Portfolio

During the reporting period, the bank did not perform the usual business activities, did not offer a full range of services to its clients, therefore the operating income decreased significantly during the reporting period. Changes in assets and liabilities are related to the start of liquidation process.

To ensure disbursement of the guaranteed compensation, on 27 February 2018 the bank transferred 480.0 Mio EUR to the Deposit Guarantee Fund.

During the reporting period, the group and the bank operated the central office and one lending centre in Riga. The most important subsidiaries of the bank are ABLV Bank Luxembourg S.A. (Luxembourg), ABLV Asset Management, IPAS, ABLV Capital Markets, IBAS, and Pillar Holding Company, KS.

The list of all group's subsidiaries is presented in Note 7.

Information on the group's territorial structural units and client service locations is disclosed on the bank's website <https://www.ablv.com/lv/about/offices>.

The following abbreviations are used in the notes to these financial statements: International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Accounting Standards Board (IASB), International Financial Reporting Interpretations Committee (IFRIC), Financial and Capital Market Commission of the Republic of Latvia (FCMC), European Monetary Union (EMU), European Union (EU), Organisation for Economic Cooperation and Development (OECD), European Central Bank (ECB), Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (Regulation).

## Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018

These condensed interim consolidated and separate financial statements of the Group have not been audited.

During the reporting period, the Group and the Bank have consistently continued to apply in the ABLV Bank, AS Consolidated Financial Statements for the year 2016, the risk management methods and principles. Information on risk management can be found on the website <http://www.ablv.com/en/about/financial-reports> under ABLV Bank, AS in the Consolidated Financial Statements for 2016 in the Notes 34 to 37.

### 2. Note

#### Information on principal accounting policies

##### a) Basis of Preparation

These condensed interim financial statements of the Group and the Bank for the six-month period are prepared based on the statutory accounting registers and in accordance with the IAS 34 approved in the European Union.

Having started the bank's liquidation on 12 June 2018, the Bank is not subject to the going concern principle that affects the presentation of the financial statements in these condensed interim financial statements for the six-month period ended 30 June 2018. During the reporting period, the Bank is at the beginning of the initial phase of the liquidation, thus, in these interim financial statements of the interim period of the Group and the Bank for the six-month ended 30 June 2018, the financial assets and financial liabilities are reported in accordance with IFRS 9, while other assets and liabilities in accordance with the initial cost of acquisition principle, less any recognized impairment loss.

The financial statements provide a structured overview of the financial position and financial results of the Group and the Bank.

The comparative financial data included in these financial statements as of 31 December 2017 or financial indicators for the six-month period ended 30 June 2017 are prepared in accordance with the going concern principle. Accounting methods are consistently applied in all companies within the group.

The accounting and functional currency of the Bank and its subsidiaries is EUR. The reporting currency of the Group's and the Bank's financial statements is EUR.

These condensed consolidated interim financial statements and separate financial statements of the Bank for the six-month period are prepared in thousands of euros (EUR'000) unless otherwise stated. The information in the brackets in the notes to the financial statements corresponds to comparative figures as at 31 December 2017 or financial indicators for the six-month period ended 30 June 2017.

##### b) Significant Estimates and Assumptions

The preparation of financial statements in accordance requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events may impact assumptions that were used as the basis for estimates. Such estimates and assumptions are based on most reliable information available to the management in respect of specific events and actions. The effect of any changes in estimates will be recorded in the financial statements when determinable.

The significant areas of estimation and assumptions relate to determining the value of assets repossessed for sale, commission income / expenses included in the calculation of the effective interest, determining fair value of investment property (see Note 15), determining the impairment allowance for financial assets, determining the value of collateral (pledge), estimation of impairment of other assets, including investments in subsidiaries, calculation of the fair value of assets and liabilities, assumptions regarding control and material impact on subsidiaries and associations (see paragraph (c)), as well as assumptions regarding the power that bank has over open-ended investment funds (see paragraph c)). Taking into account the bank's self-liquidation, the assets that liquidators plan to sell in the near future are presented in accordance with IFRS 5.

##### c) Consolidation

These consolidated financial statements include the bank and all subsidiaries controlled by the bank (the parent entity), i.e. the bank has the power to govern the financial and operating policies of an entity so as to obtain economic benefits. Subsidiaries are consolidated from the date on which control is transferred to the parent and are no longer consolidated from the date that control ceases.

The entities of the group are listed in Note 7.

## Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018

Investments of the Bank in subsidiaries are presented in the bank's condensed interim separate financial report in accordance with the cost method.

The bank's and its subsidiaries' financial statements are consolidated in the group's financial statements using the full consolidation method, by adding together like items of assets and liabilities at the period end, as well as income and expenses. For the purposes of consolidation, intragroup balances and intragroup transactions, including interest income and expense, and unrealised profit and loss resulting from intragroup transactions are eliminated, unless there exists any indication of impairment.

The bank's subsidiaries comply with the bank's policies and risk management methods. Investments in subsidiaries are presented in the bank's separate financial statements in accordance with the cost method.

Non-controlling interest represents the portion of profit or loss and equity not owned, directly or indirectly, by the bank. Non-controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent entity shareholders' equity. Non-controlling interest is measured according to its proportionate interest in net assets.

Goodwill represents the excess of the cost of a business combination over the group's interest in the fair value of the net identifiable assets and contingent liabilities of the acquired subsidiary / associates / joint ventures at the acquisition date. Goodwill on acquisitions of business operation is included in intangible assets. The carrying amount of associates' / joint ventures' goodwill in equity is included in the carrying amount of investment in associate / joint venture.

Goodwill is allocated to cash-generating units and is stated at cost less impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill arising on an acquisition is recognised immediately in the consolidated statement of income.

Associates are the companies over which the group has significant influence, however, there is no control over their financial and business policies. Interests in associates and the joints venture are accounted for using the equity method. They are initially recognised at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and OCI in equity-accounted investees, until the date on which significant influence ceases to exist.

Joint ventures are the companies established on the basis of joint arrangement where none of the shareholders have control over the company, instead all shareholders have joint control. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Interests in joints venture are accounted for using the equity method.

Investments in associates and joint ventures are presented in the bank's separate financial statements in accordance with the cost method.

Bank's investments in open-end investment funds as structured companies established as collective property and not recognized as a company, are presented in the separate financial statements in as financial assets at fair value through profit or loss.

However, in the consolidated financial statements the investments in open-ended investment funds, managed by the bank's subsidiary ABLV Asset Management, IPAS, thus ensuring the bank's ability to exercise significant control over it and in which the bank owns the major part (at least 30% or above) of net assets, are consolidated according to the full consolidation method. The shares of funds owned by third parties are recognised in the consolidated financial statements as other liabilities.

### d) Financial Instruments

In accordance with the requirements of IFRS 9, financial assets are measured by the Group / the bank on the basis of both the business model chosen for the holding of financial assets and the characteristics of the cash flows specified in the financial instruments agreement, which results in classification of financial instruments in three categories of valuation:

- financial assets/ liabilities at fair value through profit or loss (hereinafter referred to as FVTPL);
- financial assets at fair value, the fair value of which is recognized in comprehensive income (hereinafter referred to as FVOCI);
- financial assets at amortized cost.

The Group / the bank measure the financial asset at amortized cost if both of the following conditions are met:

- the financial asset is held under a business model whose objective is to hold financial assets in order to collect contractual cash flows;

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018**

- the contractual terms of a financial asset on a given date include cash flows consisting solely of principal and interest payments on the principal outstanding.

The Group/ the bank measure the financial asset at FVOCI, if both of the following conditions are met:

- the financial asset is held under a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets;
- the contractual terms of a financial asset on a given date include cash flows consisting solely of principal and interest payments on the principal outstanding.

Regarding specific investments in equity securities that would otherwise be measured at fair value through profit or loss, the Group/ the bank may at initial recognition irrevocably designate instruments at FVOCI. This designation is individually assessed for each investment in equity securities.

All other financial assets are designated at FVTPL. Similarly, the Group/ bank may irrevocably designate financial asset at fair value through profit/ loss, regardless of the fact that the asset qualifies for amortised cost or FVOCI, if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would incur if financial assets or liabilities would be measured or profit/ loss incurred by them would be recognised by applying different methods.

Based on the above, the financial assets held at 1 January 2018 were reclassified and measured as follows:

- measurement of financial assets and derivatives classified as held-for-trading under IAS 39 unchanged and these financial assets are measured at FVTPL under IFRS 9;
- claims on banks and loans to clients classified as loans and receivables in accordance with IAS 39 and measured at amortized cost, in accordance with IFRS 9 are measured at amortized cost;
- the majority of held-to-maturity investment securities that were measured at amortized cost in accordance with IAS 39, are also measured at amortized cost according to IFRS 9, but an insignificant part was reclassified to FVOCI;
- most of the debt securities classified as available-for-sale securities under IAS 39 were measured at FVOCI and an insignificant part - FVTPL.

Equity securities classified as available-for-sale securities were measured at FVOCI because they are held for long-term strategic objectives. As a result of implementation of IFRS 9 a decrease of EUR 10.2 million of financial asset value was recognized.

e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and balances due from central banks and other credit institutions with a contractual original maturity of three months or less. The cash balance is reduced by the amount of demand deposits from the above institutions. Cash and cash equivalents are highly liquid short term assets that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

f) Subsequent Events

Post-year-end events that provide additional information about the group's / bank's position at the reporting date (adjusting events) are reflected in these financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018

3. Note

Impairment allowance

Impairment allowances:

Position title	EUR'000			
	Group	Group	Bank	Bank
	01.01.2018.– 30.06.2018.	01.01.2017.– 30.06.2017.	01.01.2018.– 30.06.2018.	01.01.2017.– 30.06.2017.
Change of individual allowances, net	4,497	159	4,497	159
incl. Stage 1	247	-	247	-
incl. Stage 2	1,782	-	1,782	-
incl. Stage 3	2,468	-	2,468	-
Change of portfolio allowances, net	(5,908)	(739)	(5,798)	(748)
incl. Stage 1	(1,638)	-	(1,551)	-
incl. Stage 2	1,235	-	1,235	-
incl. Stage 3	(5,505)	-	(5,482)	-
<b>Increase / (decrease) in allowances for the reporting period</b>	<b>(1,411)</b>	<b>(580)</b>	<b>(1,301)</b>	<b>(589)</b>
(Recovery) / loss of write-offs from asset write-off	(629)	(466)	(629)	(466)
<b>Decrease of impairment allowances during the reporting period, net</b>	<b>(2,040)</b>	<b>(1,046)</b>	<b>(1,930)</b>	<b>(1,055)</b>

Changes in impairment allowances of the group for the six-month period ended 30 June 2018:

	EUR'000							
	Mortgage	Business	Other	Consumer	Off- balance liabilities	Financial instruments at fair value through other comprehensive income	Debt securities measured at amortized cost	Total
<b>Allowances at 31/12/2017</b>	<b>6,004</b>	<b>6,124</b>	<b>1,237</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>1,391</b>	<b>14,799</b>
Result of IFRS 9 implementation	3,573	3,586	88	6	187	638	1,263	9,341
<b>Allowances at 01/01/2018</b>	<b>9,577</b>	<b>9,710</b>	<b>1,325</b>	<b>49</b>	<b>187</b>	<b>638</b>	<b>2,654</b>	<b>24,140</b>
Increase	3,169	2,017	36	46	-	-	7	5,275
(Decrease)	(2,690)	(1,792)	(56)	(15)	(178)	(419)	(1,536)	(6,686)
<b>Total changes in allowances for the reporting period</b>	<b>479</b>	<b>225</b>	<b>(20)</b>	<b>31</b>	<b>(178)</b>	<b>(419)</b>	<b>(1,529)</b>	<b>(1,411)</b>
(Decrease)/ increase in allowances for the period due to currency fluctuations	-	(19)	-	-	2	(92)	(5)	(114)
(Elimination) in allowances for the period due to asset write-offs	(1,338)	15	-	(5)	-	-	-	(1,328)
<b>Allowances at the end of the reporting period</b>	<b>8,718</b>	<b>9,931</b>	<b>1,305</b>	<b>75</b>	<b>11</b>	<b>127</b>	<b>1,120</b>	<b>21,287</b>
Individual allowances	329	9,056	-	-	11	21	424	9,841
Portfolio allowances	8,389	875	1,305	75	-	106	696	11,446
<b>Total gross assets</b>	<b>290,868</b>	<b>550,527</b>	<b>8,049</b>	<b>380</b>	<b>28,913</b>	<b>x</b>	<b>234,958</b>	<b>1,113,695</b>



**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018**

Changes in impairment allowances of the group for the six-month period ended 30 June 2017:

EUR'000

	Mortgage	Business	Other	Consumer	Held-to-maturity	Total
<b>Allowances at the beginning of the reporting period</b>	<b>7,811</b>	<b>7,110</b>	<b>1,365</b>	<b>81</b>	<b>1,332</b>	<b>17,699</b>
Increase	1,077	548	219	50	63	1,894
(Decrease)	(1,384)	(753)	(209)	-	(191)	(2,537)
<b>Total changes in allowances for the reporting period</b>	<b>(307)</b>	<b>(205)</b>	<b>10</b>	<b>50</b>	<b>(128)</b>	<b>(580)</b>
Increase in allowances for the period due to currency fluctuations	(9)	(258)	-	(30)	(61)	(358)
(Elimination) in allowances for the period due to asset write-offs	(1,259)	(332)	-	(42)	-	(1,633)
<b>Allowances at the end of the reporting period</b>	<b>6,236</b>	<b>6,315</b>	<b>1,375</b>	<b>59</b>	<b>1,143</b>	<b>15,128</b>
Individual allowances	279	3,924	-	-	742	4,945
Portfolio allowances	5,957	2,391	1,375	59	401	10,183
<b>Total gross assets</b>	<b>314,095</b>	<b>683,610</b>	<b>61,347</b>	<b>1,439</b>	<b>872,795</b>	<b>1,933,286</b>

Changes in impairment allowances of the bank for the six-month period ended 30 June 2018:

EUR'000

	Mortgage	Business	Other	Consumer	Off-balance liabilities	Financial instruments at fair value through comprehensive income	Debt securities measured at amortized cost	Total
<b>Allowances at 31/12/2017</b>	<b>6,004</b>	<b>6,112</b>	<b>1,237</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>1,391</b>	<b>14,778</b>
Result of IFRS 9 implementation	3,573	3,586	88	6	187	591	1,200	9,231
<b>Allowances at 01/01/2018</b>	<b>9,577</b>	<b>9,698</b>	<b>1,325</b>	<b>40</b>	<b>187</b>	<b>591</b>	<b>2,591</b>	<b>24,009</b>
Increase	3,169	2,000	36	31	-	-	7	5,243
(Decrease)	(2,690)	(1,739)	(56)	(15)	(178)	(381)	(1,485)	(6,544)
<b>Total changes in allowances for the reporting period</b>	<b>479</b>	<b>261</b>	<b>(20)</b>	<b>16</b>	<b>(178)</b>	<b>(381)</b>	<b>(1,478)</b>	<b>(1,301)</b>
(Decrease)/ increase in allowances for the period due to currency fluctuations	-	(19)	-	-	2	(92)	(2)	(111)
(Elimination) in allowances for the period due to asset write-offs	(1,338)	(38)	-	(5)	-	-	-	(1,381)
<b>Allowances at the end of the reporting period</b>	<b>8,718</b>	<b>9,902</b>	<b>1,305</b>	<b>51</b>	<b>11</b>	<b>118</b>	<b>1,111</b>	<b>21,216</b>
Individual allowances	329	9,057	-	-	11	21	424	9,842
Portfolio allowances	8,389	845	1,305	51	-	97	687	11,374
<b>Total gross assets</b>	<b>290,868</b>	<b>523,222</b>	<b>8,096</b>	<b>335</b>	<b>28,805</b>	<b>x</b>	<b>218,414</b>	<b>1,069,740</b>



**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018**

Changes in impairment allowances of the bank for the six-month period ended 30 June 2017:

	EUR'000					
	Mortgage	Business	Other	Consumer	Held-to-maturity	Total
<b>Allowances at the beginning of the reporting period</b>	<b>7,811</b>	<b>7,104</b>	<b>1,365</b>	<b>73</b>	<b>1,332</b>	<b>17,685</b>
Increase	1,077	548	219	39	63	1,946
(Decrease)	(1,385)	(750)	(209)	-	(191)	(2,535)
<b>Total changes in allowances for the reporting period</b>	<b>(308)</b>	<b>(202)</b>	<b>10</b>	<b>39</b>	<b>(128)</b>	<b>(589)</b>
Increase in allowances for the period due to currency fluctuations	(9)	(259)	-	(30)	(61)	(359)
(Elimination) in allowances for the period due to asset write-offs	(1,259)	(332)	-	(33)	-	(1,624)
<b>Allowances at the end of the reporting period</b>	<b>6,235</b>	<b>6,311</b>	<b>1,375</b>	<b>49</b>	<b>1,143</b>	<b>15,113</b>
Individual allowances	278	3,924	-	-	742	4,944
Portfolio allowances	5,957	2,387	1,375	49	401	10,169
<b>Total gross assets</b>	<b>314,095</b>	<b>646,244</b>	<b>61,347</b>	<b>1,346</b>	<b>810,279</b>	<b>1,833,311</b>

4. Note

**Cash and deposits with central banks**

	EUR'000			
	Group		Bank	
	30.06.2018.	31.12.2017.	30.06.2018.	31.12.2017.
Demand deposits with the Bank of Latvia	1,006,848	388,993	1,006,848	388,993
Cash on hand	6,050	13,521	6,047	13,521
Demand deposits with Banque de Luxembourg	3,602	2,022	-	-
<b>Total cash and deposits with central banks</b>	<b>1,016,500</b>	<b>404,536</b>	<b>1,012,895</b>	<b>402,514</b>

During the reporting period, the cash at the Bank of Latvia was increased significantly. Highly-liquid and freely available funds for satisfaction of creditors' claims have been on purpose accumulated at the Bank of Latvia.

5. Note

**Balances due from credit institutions**

	EUR'000			
	Group		Bank	
	30.06.2018.	31.12.2017.	30.06.2018.	31.12.2017.
<b>Demand deposits with credit institutions</b>				
Correspondent account balances	97,119	219,439	64,582	217,241
Overnight deposits	-	-	-	15,845
<b>Total demand deposits with credit institutions</b>	<b>97,119</b>	<b>219,439</b>	<b>64,582</b>	<b>233,086</b>
<b>Other balances due from credit institutions</b>				
Term deposits	10,173	41,617	9,731	41,176
Other balances	2,825	10,847	2,825	10,847
<b>Total other balances due from credit institutions</b>	<b>12,998</b>	<b>52,464</b>	<b>12,556</b>	<b>52,023</b>
<b>Total balances due from credit institutions</b>	<b>110,117</b>	<b>271,903</b>	<b>77,138</b>	<b>285,109</b>

As at 30 June 2018, in the cash equivalents is not included part of the group's and bank's balances due from credit institutions totalling EUR 3.3 (13.4) million and EUR 2.8 (12.9) million were pledged to secure transactions with financial instruments concluded before the end of the reporting period, but not completed at the end of the reporting period. Cash equivalents do not include the group's and bank's term deposits of EUR 18.5 (22.9) million.

The decrease in demand for credit institutions in the reporting period is explained by the accumulation of funds indicated in Note 1 and carried out with the Bank of Latvia.

Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018

6. Note

Loans and advances

The breakdown of loans issued by the group and the bank by customer profile:

Type of borrower	EUR'000			
	Group		Bank	
	30.06.2018.	31.12.2017.	30.06.2018.	31.12.2017.
Private companies	455,929	554,323	428,965	517,133
Private individuals	313,149	332,271	312,810	327,583
Financial auxiliaries and other financial intermediaries	80,746	164,770	80,746	164,769
<b>Total loans, gross</b>	<b>849,824</b>	<b>1,051,364</b>	<b>822,521</b>	<b>1,009,485</b>
Impairment allowance	(20,029)	(13,408)	(19,976)	(13,387)
<b>Total loans, net</b>	<b>829,795</b>	<b>1,037,956</b>	<b>802,545</b>	<b>996,098</b>

As at 30 June 2018, a part of liabilities of the group and the bank to other financial intermediaries in the amount of EUR 4.9 (27.4) million was pledged to ensure final settlements for VISA payment cards. Information about impairment allowances for loans in detail is disclosed in Note 3.

Credit type structure of the group / bank:

Category	30.06.2018.					31.12.2017.				
	Mortgage	Business	Other	Consumer	Total	Mortgage	Business	Other	Consumer	Total
	Group									
Ordinary loans	290,868	494,514	1,306	278	786,966	306,209	554,754	1,265	244	862,472
Credit lines	-	49,121	-	3	49,124	-	113,485	-	-	113,485
Receivables from financial intermediaries	-	-	616	-	616	-	-	63,548	-	63,548
Security payments for financial transactions	-	-	6,127	-	6,127	-	-	7,583	-	7,583
Balances on current accounts	-	6,860	-	78	6,938	-	2,577	-	43	2,620
Balances on payments cards	-	32	-	21	53	-	643	-	1,013	1,656
<b>Total gross loans</b>	<b>290,868</b>	<b>550,527</b>	<b>8,049</b>	<b>380</b>	<b>849,824</b>	<b>306,209</b>	<b>671,459</b>	<b>72,396</b>	<b>1,300</b>	<b>1,051,364</b>
Impairment allowance	(8,718)	(9,931)	(1,305)	(75)	(20,029)	(6,016)	(6,122)	(1,226)	(44)	(13,408)
<b>Total net loans</b>	<b>282,150</b>	<b>540,596</b>	<b>6,744</b>	<b>305</b>	<b>829,795</b>	<b>300,193</b>	<b>665,337</b>	<b>71,170</b>	<b>1,256</b>	<b>1,037,956</b>
	Bank									
Ordinary loans	290,868	473,033	1,306	278	765,485	306,209	520,473	1,265	244	828,191
Credit lines	-	49,120	-	-	49,120	-	105,945	-	-	105,945
Receivables from financial intermediaries	-	-	616	-	616	-	-	63,548	-	63,548
Security payments for financial transactions	-	-	6,174	-	6,174	-	-	7,583	-	7,583
Balances on current accounts	-	1,037	-	36	1,073	-	2,545	-	20	2,565
Balances on payments cards	-	32	-	21	53	-	643	-	1,010	1,653
<b>Total gross loans</b>	<b>290,868</b>	<b>523,222</b>	<b>8,096</b>	<b>335</b>	<b>822,521</b>	<b>306,209</b>	<b>629,606</b>	<b>72,396</b>	<b>1,274</b>	<b>1,009,485</b>
Impairment allowance	(8,718)	(9,902)	(1,305)	(51)	(19,976)	(6,016)	(6,111)	(1,226)	(34)	(13,387)
<b>Total net loans</b>	<b>282,150</b>	<b>513,320</b>	<b>6,791</b>	<b>284</b>	<b>802,545</b>	<b>300,193</b>	<b>623,495</b>	<b>71,170</b>	<b>1,240</b>	<b>996,098</b>

The breakdown of loans issued by the group and the bank by 5 largest countries of borrowers:

Country	EUR'000			
	Group		Bank	
	30.06.2018.	31.12.2017.	30.06.2018.	31.12.2017.
Latvia	670,177	725,729	674,344	730,352
Russia	65,959	88,808	65,957	88,805
Luxembourg	25,790	41,297	18	3,168
Ukraine	20,628	20,251	20,627	20,249
Lithuania	15,032	15,023	15,032	15,023
Total other countries	32,209	146,848	26,567	138,501
<b>Total net loans</b>	<b>829,795</b>	<b>1,037,956</b>	<b>802,545</b>	<b>996,098</b>

Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018

Collateral analysis for the group's loans:

Category	EUR'000					Fair value of collateral, total 30.06.2018.
	Total gross loans	Deposit	Securities	Real estate	Other collateral	
<b>Mortgage</b>	<b>290,868</b>	<b>18</b>	<b>-</b>	<b>244,735</b>	<b>517</b>	<b>245,270</b>
LTV up to 100%	131,685	18	-	131,150	517	131,685
LTV over 100%	159,183	-	-	113,585	-	113,585
<b>Business</b>	<b>550,527</b>	<b>26,980</b>	<b>21,281</b>	<b>411,332</b>	<b>55,733</b>	<b>515,326</b>
LTV up to 100%	482,789	8,870	21,277	400,479	52,163	482,789
LTV over 100%	67,738	18,110	4	10,853	3,570	32,537
<b>Other</b>	<b>8,049</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
LTV up to 100%	-	-	-	-	-	-
LTV over 100%	8,049	-	-	-	1	1
<b>Consumer</b>	<b>380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
LTV up to 100%	-	-	-	-	-	-
LTV over 100%	380	-	-	-	-	-
<b>Total gross loans</b>	<b>849,824</b>	<b>26,998</b>	<b>21,281</b>	<b>656,067</b>	<b>56,251</b>	<b>760,597</b>
Impairment allowances	(20,029)					
<b>Total net loans</b>	<b>829,795</b>					
						31.12.2017.
<b>Mortgage</b>	<b>306,209</b>	<b>-</b>	<b>-</b>	<b>248,974</b>	<b>469</b>	<b>249,443</b>
LTV up to 100%	130,059	-	-	129,590	469	130,059
LTV over 100%	176,150	-	-	119,384	-	119,384
<b>Business</b>	<b>671,459</b>	<b>43,938</b>	<b>73,708</b>	<b>412,394</b>	<b>122,074</b>	<b>652,114</b>
LTV up to 100%	644,049	43,019	73,558	406,855	120,617	644,049
LTV over 100%	27,410	919	150	5,539	1,457	8,065
<b>Other</b>	<b>72,396</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
LTV up to 100%	-	-	-	-	-	-
LTV over 100%	72,396	-	-	-	1	1
<b>Consumer</b>	<b>1,300</b>	<b>457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>457</b>
LTV up to 100%	457	457	-	-	-	457
LTV over 100%	843	-	-	-	-	-
<b>Total gross loans</b>	<b>1,051,364</b>	<b>44,395</b>	<b>73,708</b>	<b>661,368</b>	<b>122,544</b>	<b>902,015</b>
Impairment allowances	(13,408)					
<b>Total net loans</b>	<b>1,037,956</b>					

LTV<sup>1</sup> above 100% does not generate significant risk as allowances are recognised both for existing losses and losses that have been incurred but are not yet known. The need for allowances is assessed by taking into account the unsecured portion of a mortgage and consumer loan and the statistics collected on loan movements to lower quality groups. Allowances for corporate loans are recognised if the primary source of repayment or cash flows from operating activities of the customer and the secondary source of repayment, or potential income from the sale of collateral becomes insufficient for repayment of the loan.

For the purpose of these financial statements, for loans whose gross carrying amount is less than fair value of collateral, fair value of collateral is disclosed as the gross value of the loan.

<sup>1</sup> LTV- loan carrying amounts to the fair value of collateral, where LTV < 100%, if the carrying amount of the loan is lower than fair value of collateral, but LTV > 100%, if the carrying amount of the loan is higher than the fair value of collateral or loans are unsecured.

Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018

Collateral analysis for the bank's loans:

	EUR'000					
	Total gross loans	Deposit	Securities	Real estate	Other collateral	Fair value of collateral, total
Category	30.06.2018.					
<b>Mortgage</b>	<b>290,868</b>	<b>18</b>	<b>-</b>	<b>244,735</b>	<b>517</b>	<b>245,270</b>
LTV up to 100%	131,685	18	-	131,150	517	131,685
LTV over 100%	159,183	-	-	113,585	-	113,585
<b>Business</b>	<b>523,222</b>	<b>3</b>	<b>21,060</b>	<b>415,456</b>	<b>55,733</b>	<b>492,252</b>
LTV up to 100%	477,829	3	21,060	404,603	52,163	477,829
LTV over 100%	45,393	-	-	10,853	3,570	14,423
<b>Other</b>	<b>8,096</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
LTV up to 100%	-	-	-	-	-	-
LTV over 100%	8,096	-	-	-	1	1
<b>Consumer</b>	<b>335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
LTV up to 100%	-	-	-	-	-	-
LTV over 100%	335	-	-	-	-	-
<b>Total gross loans</b>	<b>822,521</b>	<b>21</b>	<b>21,060</b>	<b>660,191</b>	<b>56,251</b>	<b>737,523</b>
Impairment allowances	(19,976)					
<b>Total net loans</b>	<b>802,545</b>					
<b>Category</b>	31.12.2017.					
<b>Mortgage</b>	<b>306,209</b>	<b>-</b>	<b>-</b>	<b>248,974</b>	<b>469</b>	<b>249,443</b>
LTV up to 100%	130,059	-	-	129,590	469	130,059
LTV over 100%	176,150	-	-	119,384	-	119,384
<b>Business</b>	<b>629,606</b>	<b>7,808</b>	<b>66,163</b>	<b>417,019</b>	<b>122,074</b>	<b>613,064</b>
LTV up to 100%	605,173	6,913	66,163	411,480	120,617	605,173
LTV over 100%	24,433	895	-	5,539	1,457	7,891
<b>Other</b>	<b>72,396</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
LTV up to 100%	-	-	-	-	-	-
LTV over 100%	72,396	-	-	-	1	1
<b>Consumer</b>	<b>1,274</b>	<b>457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>457</b>
LTV up to 100%	457	457	-	-	-	457
LTV over 100%	817	-	-	-	-	-
<b>Total gross loans</b>	<b>1,009,485</b>	<b>8,265</b>	<b>66,163</b>	<b>665,993</b>	<b>122,544</b>	<b>862,965</b>
Impairment allowances	(13,387)					
<b>Total net loans</b>	<b>996,098</b>					

## 7. Note

### Investments in subsidiaries and associates

The group's investments in associates:

	EUR'000									
	30.06.2018.					31.12.2017.				
Company	Country of incorporation	Share capital	Equity (non-audited)	Group's share of total share capital, %	Carrying amount under equity method	Share capital	Equity (non-audited)	Group's share of total share capital, %	Carrying amount under equity method	
AmberStone Group, AS	LV	35,000	-	24.28	9,132	35,000	40,572	24.28	9,076	
ABLV Corporate Services Holding Company, SIA	LV	-	-	-	-	250	1,201	40	439	
SIA SG Capital Partners AIFP	LV	-	-	-	-	25	48	26	13	
<b>Total investments in associates</b>		<b>35,000</b>	<b>-</b>	<b>x</b>	<b>9,132</b>	<b>35,275</b>	<b>41,821</b>	<b>x</b>	<b>9,528</b>	

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018**

The bank's investments in associates:

Company	Country of incorporation	30.06.2018.						EUR'000	
		Share capital	Equity (non-audited)	Group's share of total share capital, %	Carrying amount under cost method	Share capital	Equity (non-audited)	Group's share of total share capital, %	Carrying amount under cost method
AmberStone Group, AS	LV	35,000	-	24.28	8,635	35,000	40,572	24.28	8,635
ABLV Corporate Services Holding Company, SIA	LV	-	-	-	-	250	1,201	40	100
<b>Total investments in associates</b>		<b>35,000</b>	<b>-</b>	<b>x</b>	<b>8,635</b>	<b>35,250</b>	<b>41,773</b>	<b>x</b>	<b>8,735</b>

Movements in the investments in subsidiaries and associates:

	EUR'000			
	Group		Bank	
	01.01.2018.– 30.06.2018.	01.01.2017.– 30.06.2017.	01.01.2018.– 30.06.2018.	01.01.2017.– 30.06.2017.
<b>Gross investments at the beginning of the year</b>	<b>9,528</b>	<b>9,117</b>	<b>8,735</b>	<b>8,635</b>
Acquired share in associates	-	8	-	-
(Dispossessed) shares in associates	(108)	-	(100)	-
Change in investments in associates under equity method	56	138	-	-
Increase in investments in associates as a result of loss of control over subsidiary	(344)	-	-	-
<b>Total investments at the end of the reporting period</b>	<b>9,132</b>	<b>9,263</b>	<b>8,635</b>	<b>8,635</b>

Changes in non-controlling interest:

	EUR'000	
	Group	
	01.01.2018.– 30.06.2018.	01.01.2017.– 30.06.2017.
<b>Non-controlling interest at the beginning of the year</b>	<b>4,094</b>	<b>2,271</b>
Issue of shares	-	1,200
Portion of profit related to non-controlling share	174	39
Distributed dividends	-	(332)
<b>Non-controlling interest at the end of the reporting period</b>	<b>4,268</b>	<b>3,178</b>

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018**

Group entities:

No	Company	Country of incorporation	Registration number	Business profile	30.06.2018		31.12.2017	
					Share in the entity's capital (%)	Share in the entity's capital with voting rights (%)	Share in the entity's capital (%)	Share in the entity's capital with voting rights (%)
1	ABLV Bank, AS in liquidation	LV	50003149401	Implementation of measures of voluntary liquidation	100	100	100	100
2	ABLV Bank Luxembourg, S.A.	LU	B 162048	Financial services	100	100	100	100
3	ABLV Consulting Services, AS	LV	40003540368	Consulting services	100	100	100	100
4	REDDebitum, SIA (prev. ABLV Advisory Services, SIA)	LV	40103964811	Consulting services	100	100	100	100
5	ABLV Capital Markets, IBAS	LV	40003814705	Financial services	90	100	90	100
6	ABLV Capital Markets USA LLC	US	6399457	Financial services	-	-	90	100
7	ABLV Asset Management, IPAS	LV	40003814724	Financial services	90	100	90	100
8	PEM, SIA	LV	40103286757	Investment project management	51	51	51	51
9	PEM 1, SIA	LV	40103551353	Electricity generation	51	51	51	51
10	New Hanza Capital, AS	LV	50003831571	Holding company	88	88	88	88
11	NHC 1, SIA	LV	50103247681	Investments in real estate	88	88	88	88
12	NHC 2, SIA	LV	40103963977	Investments in real estate	88	88	88	88
13	NHC 3, SIA	LV	50103994841	Investments in real estate	88	88	88	88
14	NHC 4, SIA	LV	40203032424	Investments in real estate	88	88	88	88
15	NHC 5, SIA	LV	50203032411	Investments in real estate	99.85	99.85	88	88
16	NHC 6, SIA	LV	40203032439	Investments in real estate	88	88	88	88
17	Hanzas Dārzs, SIA	LV	40203078059	Territory management	99.99	99.99	100	100
18	Pillar, SIA	LV	40103554468	Holding company	100	100	100	100
19	Pillar Holding Company, KS	LV	40103260921	Holding company	100	100	100	100
20	Pillar 3, SIA (incorporated with Pillar 7 & 8, SIA)	LV	40103193067	Real estate transactions	100	100	100	100
21	Pillar 4 & 6, SIA	LV	40103210494	Real estate transactions	100	100	100	100
22	Pillar 11, SIA	LV	40103258310	Real estate transactions	100	100	100	100
23	Pillar 2, 12 & 14, SIA	LV	50103313991	Real estate transactions	100	100	100	100
24	Confero Technologies, SIA (prev. Pillar 18, SIA)	LV	40103492079	Real estate transactions	100	100	100	100
25	Pillar 19, SIA	LV	40103766952	Real estate transactions	100	100	100	100
26	Pillar 20, SIA	LV	40103903056	Real estate transactions	100	100	100	100
27	Pillar 21, SIA	LV	40103929286	Real estate transactions	100	100	100	100
28	Pillar 22, SIA	LV	50103966301	Real estate transactions	100	100	100	100
29	Pillar 23, SIA	LV	40203107574	Own or rental real estate management	100	100	100	100
30	Pillar Management, SIA	LV	40103193211	Real estate management and administration	100	100	100	100
31	Pillar RE Services, SIA	LV	40103731804	Parking management	100	100	100	100
32	Pillar Contractor, SIA	LV	40103929498	Management and coordination of construction processes	100	100	100	100
33	Pillar Architekten, SIA	LV	40103437217	Designing and designer's supervision	100	100	100	100
34	Pillar Development, SIA	LV	40103222826	Infrastructure maintenance	99.97	99.97	100	100
35	Pillar Utilities, SIA	LV	40103693339	Infrastructure management	99.97	99.97	100	100
36	New Hanza Centre, SIA (prev. ABLV Building Complex, SIA)	LV	40203037667	Investments in real estate	99.97	99.97	100	100

Open-end mutual funds included in the group:

No	Open-end mutual fund	Country of registration	ISIN	Fund type	30.06.2018.	31.12.2017.
					Share in the equity's capital (%)	Share in the equity's capital (%)
1	ABLV Multi-Asset Total Return USD Fund	LV	LV0000400919	Total return fund	59.1	61.6
2	ABLV Emerging Markets Corporate USD Bond Fund	LV	LV0000400935	Corporate bond fund	39.4	40.7
3	ABLV European Industry EUR Equity Fund	LV	LV0000400844	Equity fund	38.3	41.5

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018**

The bank's investments in subsidiaries:

Company	Country of incorporation	Share capital	Equity	Bank's share of total share capital, %	30.06.2018.		31.12.2017.		EUR'000
					Gross carrying amount	Share capital	Equity	Bank's share of total share capital, %	Gross carrying amount
Pillar Holding Company, KS	LV	70,000	46,154	100	70,000	70,000	29,822	100	70,000
Pillar Development, SIA	LV	39,550	30,789	100	39,450	33,700	31,501	100	33,700
New Hanza Centre, SIA (prev. ABLV Building Complex, SIA)	LV	35,200	35,138	100	35,100	30,200	30,149	100	30,200
New Hanza Capital, AS	LV	25,000	29,413	88	22,000	25,000	24,175	88	22,000
Pillar 23, SIA	LV	21,075	21,030	99	20,875	-	-	-	-
NHC 5, SIA	LV	8,200	8,218	99	8,094	-	-	-	-
ABLV Consulting services, AS	LV	1,800	156	100	1,800	711	784	100	711
Pillar Management, SIA	LV	1,073	820	100	1,073	1,000	741	100	1,073
ABLV Capital Markets, IBAS	LV	1,000	3,804	90	900	1,000	3,105	90	900
Hanzas Dārzs, SIA	LV	990	977	70	690	990	982	70	690
ABLV Asset Management, IPAS	LV	650	912	90	585	650	690	90	585
PEM, SIA	LV	100	570	51	51	100	659	51	51
Pillar, SIA	LV	13	5	100	13	10	6	100	13
REDDebitum, SIA (prev. ABLV Advisory Services, SIA)	LV	3	(2)	100	3	3	26	100	3
ABLV Bank Luxembourg, S.A.	LU	-	-	-	-	25,000	15,949	100	25,000
<b>Total bank's investments in subsidiaries, gross</b>		<b>204,654</b>	<b>177,984</b>	<b>x</b>	<b>200,634</b>	<b>188,364</b>	<b>138,589</b>	<b>x</b>	<b>184,926</b>
Impairment allowances					(39,062)				(27,275)
<b>Total bank's investments in subsidiaries, net</b>					<b>161,572</b>				<b>157,651</b>

The assets of open-end investment funds managed by ABLV Asset Management, IPAS at the end of the reporting period were EUR 131.7 (130.6) million. The value of ABLV Capital Markets, IBAS client financial instruments at the end of the reporting period was EUR 764.5 million (1.34 billion). The Bank and ABLV Capital Markets, IBAS provides investment services to clients in tandem: ABLV Capital Markets, IBAS accepts client orders for transactions with financial instruments, while the bank ensures the execution of these orders and the maintenance of client financial instruments. The credit risk and other risks associated with these assets are borne by the client who has entrusted these funds to the concern and/or the bank.

The Bank is the main shareholder of ABLV Asset Management, IPAS and ABLV Capital Markets, IBAS. At present, both subsidiary banks of the bank take all measures to continue their business. ABLV Asset Management, IPAS in May 2018 signed a new custodian bank agreement with Citadele Bank, AS in order to normalize the operation of the pension plan, whereas the custodian bank of the other investment funds is Baltic International Bank AS.

The entry into force of the agreement takes place in two stages: the provisions for holding the assets enter into force on the day of the signature of the contract, while other functions, including supervisory and control functions, will come into effect after the transfer of the fund assets to the new custodian bank accounts.

To ensure efficient and optimal investment property management, during the reporting period, the Bank carried out investment in Pillar 23, SIA in the share capital of EUR 20.9 million, as well as in the capital of stock of buildings and land in Riga, Elizabetes street 23 and Elizabetes iela 21a, property investment in the equity capital of NHC 5, Ltd., amounted to EUR 8.1 million.

In order to maintain the value of the bank's assets, during the reporting period, the bank invested further in Pillar Development, Ltd., EUR 5.8 million, and New Hanza Center, SIA (formerly was ABLV Building Complex, Ltd.) - EUR 4.9 million.

The Luxembourg Commercial Court on 9 March 2018 rejected the Luxembourg regulator's request for ABLV Bank Luxembourg, S.A. liquidation, two external administrators were appointed, and the bank protection status was maintained with payment restrictions of six months. Currently seeking opportunities to sell ABLV Bank Luxembourg, S.A., but the possibility of their liquidation is not excluded. Taking into account the abovementioned contribution to ABLV Bank Luxembourg, S.A. is classified in other assets.

In April 2018, it was decided to increase the share capital of ABLV Consulting Services, AS by EUR 1.1 million in order to ensure the gradual closure of all foreign representation groups.

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018**

Movements in the allowance for impairment of subsidiaries (incl. classified in other assets):

	EUR'000	
	Bank	Bank
	01.01.2018.– 30.06.2018.	01.01.2017.– 30.06.2017.
<b>Impairment allowances at the beginning of the period</b>	<b>27,276</b>	<b>20,784</b>
Increase in impairment allowances	22,694	1,838
incl. New Hanza Centre, SIA	7,752	-
incl. Pillar Development, SIA	7,660	-
incl. ABLV Bank Luxembourg, S.A.	6,382	-
incl. ABLV Consulting services, AS	900	-
incl. Pillar Holding Company, KS	-	1,838
<b>Impairment allowances at the end of the period</b>	<b>49,970</b>	<b>22,622</b>

Movements in the bank's investment in subsidiaries:

	EUR'000	
	Bank	Bank
	01.01.2018.– 30.06.2018.	01.01.2017.– 30.06.2017.
<b>Investments at the beginning of period, gross</b>	<b>184,926</b>	<b>140,729</b>
Established / acquired subsidiaries	-	200
Increase in investments in subsidiaries	11,739	8,807
Increase in investments in subsidiaries by material investment	28,969	-
Reclassified to other assets	(25,000)	-
<b>Investments at the end of the period, gross</b>	<b>200,634</b>	<b>149,736</b>
Impairment allowances	(39,062)	(22,622)
<b>Investments at the end of the period, net</b>	<b>161,572</b>	<b>127,114</b>

## 8. Note

### Deposits

Customer type	EUR'000			
	Group	Group	Bank	Bank
	30.06.2018.	31.12.2017.	30.06.2018.	31.12.2017.
Corporate companies				
current accounts	1,214,767	2,061,410	1,159,297	1,991,653
term deposits (form information)	43,787	64,039	23,032	30,733
<b>Total corporate companies</b>	<b>1,258,554</b>	<b>2,125,449</b>	<b>1,182,329</b>	<b>2,022,386</b>
Other financial intermediaries				
current accounts	82,163	150,851	89,824	156,542
term deposits (form information)	2,669	12,351	2,669	13,685
<b>Total other financial intermediaries</b>	<b>84,832</b>	<b>163,202</b>	<b>92,493</b>	<b>170,227</b>
Other customers				
current accounts	1,860	2,677	1,860	2,681
term deposits (form information)	-	2	-	2
<b>Total other customers</b>	<b>1,860</b>	<b>2,679</b>	<b>1,860</b>	<b>2,683</b>
<b>Total deposits from corporate customers</b>	<b>1,345,246</b>	<b>2,291,330</b>	<b>1,276,682</b>	<b>2,195,296</b>
Private individuals				
current accounts	337,950	497,225	308,581	464,995
term deposits (form information)	14,414	30,777	6,323	19,659
<b>Total deposits from private individuals</b>	<b>352,364</b>	<b>528,002</b>	<b>314,904</b>	<b>484,654</b>
<b>Total deposits</b>	<b>1,697,610</b>	<b>2,819,332</b>	<b>1,591,586</b>	<b>2,679,950</b>

On 12 June 2018, the FCMC upheld the decision of ABLV Bank, AS shareholders' meeting on the voluntary liquidation. Consequently, all client deposits, subordinated deposits and securities issues will be paid to the depositors/ holders within the framework of certain creditors, in compliance with the requirements set out in the Credit Institution Law regarding the settlement procedure with creditors. Thus, the maturity dates for all time deposits are not relevant.

Interest increase was stopped as of 13 June 2018 to all the deposits.



Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018

9. Note

Issued securities

ISIN	Currency	Number of initially issued securities	Par value	Date of emission	Date of maturity (for information, except LV0000802312)	Discount/coupon rate, %	EUR'000			
							Group 30.06.2018.	Group 31.12.2017.	Bank 30.06.2018.	Bank 31.12.2017.
<b>Subordinated bonds</b>										
LV0000801124	USD	200,000	100	18.03.2013.	18.03.2023.	4.50	9,550	9,632	9,550	9,632
LV0000801173	USD	200,000	100	27.06.2013.	27.06.2023.	4.25	1,481	1,432	1,481	1,432
LV0000801181	EUR	200,000	100	27.06.2013.	27.06.2023.	4.25	12,423	12,352	12,423	12,352
LV0000801223	USD	150,000	100	23.10.2013.	23.10.2023.	4.25	5,376	5,268	5,376	5,268
LV0000801520	EUR	200,000	100	27.10.2014.	27.10.2024.	4.05	14,174	14,099	14,174	14,099
LV0000801835	EUR	200,000	100	26.10.2015.	26.10.2025.	3.75	18,093	18,003	18,093	18,003
LV0000802189	EUR	200,000	100	31.10.2016.	31.10.2026.	3.75	17,429	17,343	17,429	17,343
LV0000802346	EUR	250,000	100	27.10.2017.	27.10.2027.	3.75	21,001	20,898	21,001	20,898
LV0000802361	USD	400,000	100	17.11.2017.	17.11.2027.	4.25	28,103	27,166	28,103	27,166
<b>Subordinated bonds, total</b>							<b>127,630</b>	<b>126,193</b>	<b>127,630</b>	<b>126,193</b>
<b>Ordinary bonds</b>										
LV0000801991	USD	75,000	1,000	22.02.2016.	22.02.2018.	1.85	-	49,631	-	49,631
LV0000802007	EUR	20,000	1,000	22.02.2016.	22.02.2018.	0.70	-	5,536	-	20,050
LV0000802072	USD	75,000	1,000	11.07.2016.	11.07.2018.	1.85	38,946	42,182	38,946	42,182
LV0000802080	EUR	20,000	1,000	11.07.2016.	11.07.2018.	0.70	6,048	7,218	6,345	7,517
LV0000802163	USD	75,000	1,000	31.10.2016.	31.10.2018.	1.85	46,304	56,123	46,304	56,123
LV0000802171	EUR	20,000	1,000	31.10.2016.	31.10.2018.	0.70	5,148	7,926	6,398	9,178
LV0000802239	USD	75,000	1,000	27.02.2017.	27.02.2019.	2.25	55,729	60,770	55,729	60,770
LV0000802247	EUR	20,000	1,000	27.02.2017.	27.02.2019.	0.75	4,020	7,860	6,520	10,367
LV0000802270	USD	75,000	1,000	03.07.2017.	03.07.2019.	2.25	61,646	62,996	61,646	62,996
LV0000802288	EUR	20,000	1,000	03.07.2017.	03.07.2019.	0.75	4,767	6,770	7,267	9,280
LV0000802312	EUR	10,000	1,000	16.10.2017.	16.10.2022.	4.90	10,102	10,103	-	-
LV0000802320	USD	75,000	1,000	27.10.2017.	27.10.2019.	2.15	60,040	62,193	60,040	62,193
LV0000802338	EUR	20,000	1,000	27.10.2017.	27.10.2019.	0.95	8,138	10,341	10,638	12,847
<b>Ordinary bonds, total</b>							<b>300,888</b>	<b>389,649</b>	<b>299,833</b>	<b>403,134</b>
<b>Issued securities, total</b>							<b>428,518</b>	<b>515,842</b>	<b>427,463</b>	<b>529,327</b>

As of 19 February 2018, calculation of interest income and coupon payment was suspended for the subordinated bonds of the bank. The accumulation of the discount was suspended from February 19, 2018.

On 12 June 2018, the FCMC upheld the decision of ABLV Bank, AS shareholders' meeting on the voluntary liquidation. Consequently, all the Bank's securities issues will be subject to redemption at the same time as the claims of the respective creditors, and the principal will be paid to all securities holders within the framework of certain creditors, in compliance with the requirements set out in the Credit Institution Law regarding the settlement procedure with creditors. Thus, no redemption terms set by the Bank for issuance of securities are relevant.

As from 13 June 2018, the accumulation of a coupon for ordinary bonds issued by the bank was suspended.

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018**

Changes in due to banks as a result of financing activities:

						EUR'000
Liabilities from financing activities	30.06.2018.	Currency fluctuation	Interest paid	Accumulated interest recognised	Paid	31.12.2017.
						<b>Group</b>
Issued securities	428,518	8,580	(3,162)	687	(93,429)	515,842
Subordinated deposits	12,172	199	(114)	96	(350)	12,341
<b>Total liabilities from financing activities</b>	<b>440,690</b>	<b>8,779</b>	<b>(3,276)</b>	<b>783</b>	<b>(93,779)</b>	<b>528,183</b>
						<b>Bank</b>
Issued securities	427,463	8,579	(2,714)	240	(107,969)	529,327
Subordinated deposits	12,172	199	(114)	96	(350)	12,341
<b>Total liabilities from financing activities</b>	<b>439,634</b>	<b>8,778</b>	<b>(2,829)</b>	<b>336</b>	<b>(108,319)</b>	<b>541,668</b>

10. Note

**Subordinated liabilities**

At the reporting period the group's and bank's subordinated liabilities of EUR 139.8 (138.5) million comprised subordinated bonds amounting to EUR 127.6 (126.2) million and subordinated deposits amounting to EUR 12.2 (12.3) million.

Subordinated deposits by currencies amount to USD 8.3 (8.2) million and EUR 5.1 (5.5) million.

The information on the subordinated bonds issued by the bank are disclosed in Note 9.

The analysis of subordinated deposits as at 30 June 2018:

Lenders	Loan amount, EUR'000	Accumulated interest, EUR'000	Total subordinated loans, EUR'000	Interest rate, %	Currency
non-residents	5,700	-	5,700	3.00 - 3.15	USD
non-residents	5,100	-	5,100	3.00 - 3.76	EUR
residents	1,372	-	1,372	3.15	USD
<b>Total subordinated deposits</b>	<b>12,172</b>	<b>-</b>	<b>12,172</b>		

The accrual of interest income on subordinated deposits was suspended on 19 February 2018.

The analysis of subordinated deposits as at 31 December 2017:

Lenders	Loan amount, EUR'000	Accumulated interest, EUR'000	Total subordinated loans, EUR'000	Interest rate, %	Currency
non-residents	5,540	8	5,548	3.00 - 3.15	USD
non-residents	5,450	8	5,458	3.00 - 3.76	EUR
residents	1,334	1	1,335	3.15	USD
<b>Total subordinated deposits</b>	<b>12,324</b>	<b>17</b>	<b>12,341</b>		

The proportionate share of lenders (for each individual lender) does not exceed 10% of the total amount of the subordinated liabilities.

On 12 June 2018, the FCMC upheld the decision of ABLV Bank, AS shareholders' meeting on the voluntary liquidation. Consequently, all subordinated deposits will be disbursed to depositors within the framework of certain creditors, in compliance with the requirements set out in the Credit Institution Law regarding the settlement procedure with creditors. Thus, the maturity dates for all subordinated deposits are not relevant.

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018**

11. Note

**Paid-in share capital**

As at 30 June 2018, the paid-in share capital of the bank amounted to EUR 42.1 million (42.1 million). The par value of each share is EUR 1.0 (1.0).

The bank's share capital consists of 38,250,000 (38,250,000) ordinary registered voting shares and 3,830,000 (3,830,000) registered non-voting shares (personnel shares).

As at 30 June 2018, the bank had 138 (138) voting shareholders.

The major shareholders of the bank and groups of related shareholders are as follows:

Shareholders	30.06.2018.		31.12.2017.	
	Share of the bank's share capital, EUR'000	Share of the bank's voting capital, %	Share of the bank's share capital, EUR'000	Share of the bank's voting capital, %
<b>Ernests Bernis and Nika Berne (directly and indirectly acquired share)</b>				
Ernests Bernis	1,887	4.93	1,887	4.93
Nika Berne	325	0.85	325	0.85
Cassandra Holding Company, SIA	14,433	37.73	14,433	37.73
<b>Ernests Bernis and Nika Berne (directly and indirectly acquired share) total</b>	<b>16,645</b>	<b>43.51</b>	<b>16,645</b>	<b>43.51</b>
<b>Olegs Fijs (indirectly acquired share)</b>				
OF Holding, SIA	16,646	43.52	16,646	43.52
<b>Olegs Fijs (indirectly acquired share) total</b>	<b>16,646</b>	<b>43.52</b>	<b>16,646</b>	<b>43.52</b>
Other shareholders, total	4,959	12.97	4,959	12.97
<b>Total voting shares</b>	<b>38,250</b>	<b>100.00</b>	<b>38,250</b>	<b>100.00</b>
Non-voting shares (personnel shares)	3,830		3,830	
<b>Total share capital</b>	<b>42,080</b>		<b>42,080</b>	

The registered non-voting shares (personnel shares) are as follows:

	30.06.2018.			31.12.2017.		
	Number of employees	Number of personnel shares	Share of the bank's share capital, EUR'000	Number of employees	Number of personnel shares	Share of the bank's share capital, EUR'000
Chairman of the council and council members	-	-	-	4	-	-
Chairman of the board and board members	-	-	-	7	1,930,000	1,930
Liquidators	-	-	-	-	-	-
Members of executive committee	7	765,744	766	-	-	-
Heads and deputy heads of divisions	9	1,050,000	1,050	25	1,800,000	1,800
Department heads	1	50,000	50	3	75,000	75
Non-distributed	-	1,964,256	1,964	-	25,000	25
<b>Registered non-voting shares (personnel shares), total</b>	<b>x</b>	<b>3,830,000</b>	<b>3,830</b>	<b>x</b>	<b>3,830,000</b>	<b>3,830</b>

Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018

12. Note

Memorandum items

	EUR'000			
	Group 30.06.2018.	Group 31.12.2017.	Bank 30.06.2018.	Bank 31.12.2017.
<b>Contingent liabilities</b>				
Guarantees and indemnities	6,443	7,314	6,353	7,227
<b>Total contingent liabilities</b>	<b>6,443</b>	<b>7,314</b>	<b>6,353</b>	<b>7,227</b>
<b>Other financial commitments to customers</b>				
Undrawn credit lines	252	70,059	251	70,058
Loan commitments	28,661	63,141	28,554	58,763
Letters of credit	89	4,091	89	4,091
Undrawn payment card limits	-	12,423	-	12,489
Contractual commitments on purchase of non-financial assets	12,136	2,536	-	502
<b>Other financial commitments to customers, total</b>	<b>41,138</b>	<b>152,250</b>	<b>28,894</b>	<b>145,903</b>
<b>Total contingent liabilities and financial commitments to customers</b>	<b>47,581</b>	<b>159,564</b>	<b>35,247</b>	<b>153,130</b>

13. Note

Related party disclosures

Related parties to the group and the bank are deemed to be shareholders who have a qualifying holding in the bank, the chairman and members of the bank's Council (until 13.06.2018), the chairman and members of the Board (until 13.06.2018), liquidators and members of the Executive Committee (from 14.06. 2018), Head of the Internal Audit, Group and Bank executives who are authorized to plan, manage, control and be responsible for the activities of the Group/the Bank, as well as spouses, children and other persons of all the aforementioned natural persons with whom the aforementioned employees (affiliated persons) is a joint venture, bank subsidiaries, commercial companies in which the group/bank has a participation, as well as those commercial companies in which the aforementioned natural persons have a qualifying holding as well as other legal entities.

Group's transactions with related parties:

	EUR'000									
	30.06.2018.					31.12.2017.				
	Share- holders	members of the Board and Council (until 13.06.2018.)	Related companies	Associated companies	Other related individuals	Sharehol- ders	Members of the Board and Council	Related companies	Associated companies	Other related individuals
<b>Assets</b>										
Loans	-	-	-	5,402	541	498	1,607	181	7,223	153
<b>Liabilities</b>										
Deposits	1,045	-	374	2,035	80	4,048	2,148	3,099	6,471	499
Ordinary bonds	-	-	-	-	34	404	116	909	-	99
Subordinated bonds	1,625	-	-	2,159	3,850	1,381	7,530	2,398	2,118	1,289
<b>Memorandum items</b>										
Undrawn credit lines and payment card limits	-	-	-	3,465	-	-	109	8	4,594	18
<b>Income/ expense</b>	01.01.2018.–30.06.2018.					01.01.2017.–30.06.2017.				
Interest income	5	6	-	113	1	22	24	2	135	1
Interest expense	(10)	(42)	(2)	(11)	(5)	(16)	(140)	(19)	(75)	(18)
Commission income	58	6	3	68	-	28	10	14	20	4
Other ordinary income	-	-	-	205	-	-	-	-	18	-
Other administrative expense	-	-	(9)	(1)	-	-	-	-	-	-
Allowance recognised for impairment, net	-	(4)	-	-	-	-	-	-	-	-

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018**

Bank's transactions with related parties:

	EUR'000									
	30.06.2018.					31.12.2017.				
	Shareholders	Members of the Board and Council (until 13.06.2018.)	Related companies	Associated companies and subsidiaries	Other related individuals	Shareholders	Members of the Board and Council	Related companies	Associated companies and subsidiaries	Other related individuals
<b>Assets</b>										
Due from credit institutions	-	-	-	-	-	-	-	-	15,845	-
Loans	-	-	-	9,573	541	498	1,607	181	11,846	153
<b>Liabilities</b>										
Due to credit institutions	-	-	-	2,428	-	-	-	-	9,104	-
Deposits	1,045	-	374	45,422	80	4,048	2,148	5,260	41,871	499
Ordinary bonds	-	-	-	9,047	34	-	-	-	23,583	34
Subordinated bonds	1,625	-	-	2,159	3,850	1,381	7,530	2,398	2,118	1,289
<b>Memorandum items</b>										
Undrawn credit lines and payment card limits	-	-	-	3,465	-	-	109	8	4,661	18
Guarantees	-	-	-	8	-	-	-	-	8	-
<b>Income/ expense</b>										
	01.01.2018.–30.06.2018.					01.01.2017.–30.06.2017.				
Interest income	5	6	-	189	1	22	24	2	219	1
Interest expense	(10)	(42)	(2)	(102)	(5)	(16)	(140)	(19)	(100)	(18)
Dividend income	-	-	-	-	-	-	-	-	3,220	-
Commission income	-	4	-	137	-	-	8	4	434	2
Commission expenses	-	-	-	(2,637)	-	-	-	-	(3,097)	-
Other ordinary income	-	-	-	650	-	-	-	-	1,880	-
Other administrative expense	-	-	9	(209)	-	-	-	-	(583)	-
Allowance recognised for impairment, net	-	(4)	-	(22,702)	-	-	-	-	(1,838)	-

The remuneration of the Group's and the Bank's Council and Board until June 13, 2018 was 1.0 (1.7) million EUR, while the remuneration of liquidators for the period from June 13, 2018 to June 30, 2018 was 40.0 ( 0) thsd EUR.

Information on registered non-voting shares (personnel shares) is presented in Note 11. Meanwhile, information on changes in investments in subsidiaries and associates is disclosed in Note 7.

## 14. Note

### Segment information

The management of the group and the bank believe that the group's operations can be organised into four segments based on the core business activities as follows: banking services, advisory services, investment management services, and real estate development.

During the reporting period the group / bank did not change classification of primary lines of business into segments compared to classification used in the preparation of prior period financial statements.

The group defines its operating segments based on its organisational structure. The bank views its operations as one single segment, without making any separate disclosures, while at the group level the bank and all its subsidiaries are attributed to the group's operating segments as follows:

- banking services: ABLV Bank, AS in liquidation, ABLV Bank Luxembourg, S.A.;
- investment management services: ABLV Asset Management, IPAS, ABLV Capital Markets, IBAS, PEM, SIA, PEM 1, SIA, New Hanza Capital, AS, NHC 1, SIA, NHC 2, SIA, NHC 3, SIA, NHC 4, SIA, NHC 5, SIA, NHC 6, SIA, open-end investment fund included in the group (see Note 7);
- advisory services: ABLV Consulting Services, AS, REDDebitum, SIA (prev. ABLV Advisory Services, SIA);
- real estate development: New Hanza Centre, SIA (prev. ABLV Building Complex, SIA), Pillar Holding Company, KS, Pillar, SIA, Pillar 3, SIA (incorporated with ar Pillar 7 & 8, SIA), Pillar 4 & 6, SIA, Pillar 11, SIA, Pillar 2, 12 & 14 SIA, Confero Technologies, SIA (prev. Pillar 18, SIA), Pillar 19, SIA, Pillar 20, SIA, Pillar 21, SIA, Pillar 22, SIA, Pillar 23, SIA, Pillar Development, SIA, Pillar Utilities, SIA, Hanzas Dārzs, SIA, Pillar Management, SIA, Pillar RE Services, SIA, Pillar Contractor, SIA, Pillar Architekten, SIA.

Operating segment information is prepared on the basis of internal reports.

Analysis of the operating segments of the group:

Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018

EUR'000

	01.01.2018.-30.06.2018.						
	Banking	Investment management	Advisory services	Real estate development	Total group before consolidated adjustments	Eliminated or corrected on consolidation	Group, total
Net interest income	20,717	(234)	-	-	20,483	(248)	20,235
External transactions	20,469	(234)	-	-	-	-	-
Internal transactions	248	-	-	-	-	-	-
Net commission income	3,371	1,728	(8)	(10)	5,081	879	5,960
External transactions	4,250	1,728	(8)	(10)	-	-	-
Internal transactions	(879)	-	-	-	-	-	-
Net result of transactions with securities and foreign exchange, and dividends received	(12,318)	4,092	(17)	-	(8,243)	(4,088)	(12,331)
External transactions	(12,298)	(16)	(17)	-	-	-	-
Internal transactions	(20)	4,108	-	-	-	-	-
Net other income/expenses	10,674	2,203	(459)	(4,459)	7,959	(5,568)	2,391
External transactions	10,310	2,335	(797)	(9,457)	-	-	-
Internal transactions	364	(132)	338	4,998	-	-	-
Personnel and other administrative expenses	(30,554)	(1,144)	(1,513)	(2,371)	(35,582)	680	(34,902)
Depreciation	(1,642)	(46)	(43)	(284)	(2,015)	-	(2,015)
Impairment allowance and other provisions	(20,653)	-	-	-	(20,653)	22,693	2,040
Corporate income tax	(25)	(1)	-	-	(26)	-	(26)
<b>Total segment profit/(loss)</b>	<b>(30,430)</b>	<b>6,598</b>	<b>(2,040)</b>	<b>(7,124)</b>	<b>(32,996)</b>	<b>14,348</b>	<b>(18,648)</b>
Additions of property and equipment, intangible assets and investment property	1,221	2,979	1	4,010	8,211	-	8,211
<b>Total segment assets</b>	<b>2,537,610</b>	<b>79,012</b>	<b>571</b>	<b>106,305</b>	<b>2,723,498</b>	<b>(203,447)</b>	<b>2,520,051</b>
<b>Total segment liabilities</b>	<b>2,439,649</b>	<b>31,874</b>	<b>814</b>	<b>5,509</b>	<b>2,477,846</b>	<b>(281,770)</b>	<b>2,196,076</b>

EUR'000

	01.01.2017.-30.06.2017.						
	Banking	Investment management	Advisory services	Real estate development	Eliminated or corrected on consolidation	Group, total	
Net interest income	31,642	(66)	-	25	14,969	46,570	
External transactions	31,632	-	-	(31)	-	-	
Internal transactions	10	(66)	-	56	-	-	
Net commission income	13,495	3,380	(10)	(4)	10,806	27,667	
External transactions	16,241	2,353	(5)	-	-	-	
Internal transactions	(2,746)	1,027	(5)	(4)	-	-	
Net result of transactions with securities and foreign exchange, and dividends received	12,184	(13)	435	5	582	13,193	
External transactions	8,897	(5)	(22)	1	-	-	
Internal transactions	3,287	(8)	457	4	-	-	
Net other income/expenses	1,098	4	3,549	379	33	5,063	
External transactions	(616)	267	961	(384)	-	-	
Internal transactions	1,714	(263)	2,588	763	-	-	
Personnel and other administrative expenses	(28,390)	(1,795)	(3,217)	(2,088)	(13,346)	(48,836)	
Depreciation	(1,666)	(151)	(69)	(200)	(1,001)	(3,087)	
Impairment allowance and other provisions	1,046	-	-	-	195	1,241	
Corporate income tax	(1,003)	(308)	(39)	43	(1,142)	(2,449)	
<b>Total segment profit/(loss)</b>	<b>28,406</b>	<b>1,051</b>	<b>649</b>	<b>(1,840)</b>	<b>11,096</b>	<b>39,362</b>	
Additions of property and equipment, intangible assets and investment property	1,087	79	1	3,432	-	4,599	
						30.06.2017.	
<b>Total segment assets</b>	<b>3,948,605</b>	<b>62,849</b>	<b>3,308</b>	<b>120,893</b>	<b>(357,749)</b>	<b>3,777,906</b>	
<b>Total segment liabilities</b>	<b>3,604,445</b>	<b>32,032</b>	<b>1,493</b>	<b>7,537</b>	<b>(204,863)</b>	<b>3,440,644</b>	

15. Note

### Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The group and the bank disclose the fair values of assets and liabilities in such a manner so as to be able to compare the fair values with the carrying amounts.

The fair value of financial instruments such as financial assets at fair value, the changes of fair value of which primarily are recognized in comprehensive income, financial assets / liabilities measured at fair value, the changes of fair value of which are recognized through profit / loss and debt securities at amortized cost are measured mainly based on quoted prices in the active market.

Fair value of financial instruments, such as financial assets at fair value, the fair value of which is recognized in comprehensive income (hereinafter referred to as FVOCI), financial assets at fair value through profit or loss and financial assets at amortized cost investments, is mostly defined based on quoted prices in an active market. Where no price is observable for some of these financial instruments, fair value is determined based on observable prices in a market, where no active trading is done – this is applicable to several debt securities and open-ended investment funds. Finally, other valuation techniques are used for some financial assets which are not quoted in the market and for which no quoted prices for similar financial assets in active markets are available. Fair value of such financial instruments is estimated based on valuation models which are based on the assumptions and estimates regarding the potential future financials of the investment property, and the industry and geographical area risks in which the respective investment property operates. The fair value of derivative instruments is determined based on the discounted cash flow method, where all parameters are observable in the market.

The management of the bank and the group believe that the most credible market value of real estate was identified based on the evaluations presented by both external real estate appraisers and bank's real estate experts. Investment properties are valued applying market approach and/ or on the basis of discounted cash flows with a terminal value component at the end of the cash forecast period, capitalisation method. According to this approach, fair value is calculated based on assumptions regarding expected future cash flows from income and expense resulting from the holding of real estate during its life cycle, including the value of the property at the date of sale. These cash flows are discounted at a discount rate, which is equal to the market return from similar assets, to arrive at the present value. The gross value of investment property is derived by applying market yields to the estimated value of lease. Where the actual lease payment is significantly different from the estimated payment adjustments are made to reflect the actual lease payment.

Comparable transaction approaches are based on the estimated market value for which property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The selling value of the investment properties may differ from the market value as defined, if the market of such kind of properties is not properly developed in Latvia.

As regards other assets and liabilities for which fair value is disclosed and which have a short maturity (less than three months), except for loans, the group and the bank assume that the fair value approximates to their carrying amount. This assumption also applies to demand deposits and savings accounts. The fair value of loans and advances to customers is estimated by discounting the expected cash flows at a discount rate calculated according to the money market rates at the end of the year and loan interest margins.

The fair value of term deposits is estimated by discounting the expected cash flows at the average market interest rates prevailing at the end of the year.



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The carrying amounts and fair values of the group's assets and liabilities are as follows:

Assets at fair value	30.06.2018.		31.12.2017.	
	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives	297	297	1,942	1,942
Investment property	59,163	59,163	55,857	55,857
<b>At fair value through profit or loss</b>				
Financial assets at fair value through profit or loss	54,923	54,923	24,801	24,801
<b>Available-for-sale</b>				
Financial assets at fair value through other comprehensive income	111,437	111,437	1,074,791	1,074,791
<b>Total assets at fair value</b>	<b>225,820</b>	<b>225,820</b>	<b>1,157,391</b>	<b>1,157,391</b>
<b>Assets not measured at fair value</b>				
Cash and demand deposits with central banks	1,016,500	1,016,500	404,536	404,536
Balances due from credit institutions	110,117	110,117	271,903	271,903
Loans	829,795	829,281	1,037,956	1,037,360
Financial assets at amortised cost	233,838	246,198	845,551	871,657
Other financial assets	1,274	1,274	1,274	1,274
<b>Total assets not measured at fair value</b>	<b>2,191,524</b>	<b>2,203,370</b>	<b>2,561,220</b>	<b>2,586,730</b>
<b>Liabilities at fair value</b>				
Derivatives	334	334	29	29
Group's consolidated fund shares owned by 3rd parties	13,272	13,272	13,272	13,272
<b>Total liabilities at fair value</b>	<b>13,606</b>	<b>13,606</b>	<b>13,301</b>	<b>13,301</b>
<b>Liabilities not valued at fair value</b>				
Liabilities not valued at fair value	2,161,093	2,157,158	3,438,110	3,434,175
<b>Total liabilities not valued at fair value</b>	<b>2,161,093</b>	<b>2,157,158</b>	<b>3,438,110</b>	<b>3,434,175</b>

The carrying amounts and fair values of the bank's assets and liabilities are as follows:

Assets at fair value	30.06.2018.		31.12.2017.	
	Carrying amount	Fair value	Carrying amount	Fair value
Derivatives	-	-	96	96
Investment property	-	-	20,875	20,875
<b>At fair value through profit or loss</b>				
Financial assets at fair value through profit or loss	13,411	13,411	13,129	13,129
<b>Available-for-sale</b>				
Financial assets at fair value through other comprehensive income	45,608	45,608	995,749	995,749
<b>Total assets at fair value</b>	<b>59,019</b>	<b>59,019</b>	<b>1,029,849</b>	<b>1,029,849</b>
<b>Assets not measured at fair value</b>				
Cash and demand deposits with central banks	1,012,895	1,012,895	402,514	402,514
Balances due from credit institutions	77,138	77,138	285,133	285,109
Loans	802,545	802,203	996,098	995,692
Financial assets at amortised cost	217,303	229,977	779,620	806,465
Other financial assets	1,159	1,159	1,159	1,159
<b>Total assets not measured at fair value</b>	<b>2,111,040</b>	<b>2,123,372</b>	<b>2,464,524</b>	<b>2,490,939</b>
<b>Liabilities at fair value</b>				
Derivatives	-	-	12	12
<b>Total liabilities at fair value</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>12</b>
<b>Liabilities not valued at fair value</b>				
Liabilities not valued at fair value	2,045,510	2,041,536	3,315,092	3,311,118
<b>Total liabilities not valued at fair value</b>	<b>2,045,510</b>	<b>2,041,536</b>	<b>3,316,674</b>	<b>3,312,700</b>

**Hierarchy of input data for determining the fair value of assets and liabilities**

The group and the bank use the following hierarchy of three levels of input data for determining and disclosing the fair value of assets and liabilities:

- Level 1: Quoted prices in active markets;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable;
- Level 3: Other techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.



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Level 1 instruments are liquid securities and exchange traded derivatives. Level 2 instruments are securities that do not have an active market, standardised OTC derivatives and foreign exchange transactions as well as certain open-ended investment funds. Level 3 instruments are certificates of venture capital funds, investment properties, term deposits and loans. For valuation methods and assumptions, please see the description above.

The group's assets and liabilities according to the hierarchy of input data for determining the fair value:

	30.06.2018.				31.12.2017.			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>								
Derivatives	-	297	-	297	-	1,942	-	1,942
Financial assets at fair value through profit or loss	30,881	23,345	697	54,923	24,004	424	373	24,801
Financial assets at fair value through other comprehensive income	102,050	4,018	5,369	111,437	1,054,174	15,378	5,239	1,074,791
Investment properties	-	-	59,163	59,163	-	-	55,857	55,857
<b>Total assets at fair value</b>	<b>132,931</b>	<b>27,660</b>	<b>65,229</b>	<b>225,820</b>	<b>1,078,178</b>	<b>17,744</b>	<b>61,469</b>	<b>1,157,391</b>
<b>Assets not measured at fair value</b>								
Loans	-	-	829,795	829,795	-	-	1,037,956	1,037,956
Financial assets at amortised cost	224,031	9,807	-	233,838	833,802	4,396	7,353	845,551
<b>Total assets not measured at fair value</b>	<b>224,031</b>	<b>9,807</b>	<b>829,795</b>	<b>1,063,633</b>	<b>833,802</b>	<b>4,396</b>	<b>1,045,309</b>	<b>1,883,507</b>
<b>Liabilities at fair value</b>								
Derivatives	-	334	-	334	6	23	-	29
Group's consolidated fund shares owned by 3rd parties	-	13,272	-	13,272	-	6,541	-	6,541
<b>Total liabilities at fair value</b>	<b>-</b>	<b>13,606</b>	<b>-</b>	<b>13,606</b>	<b>6</b>	<b>6,564</b>	<b>-</b>	<b>6,570</b>
<b>Liabilities not measured at fair value</b>								
Liabilities not measured at fair value	-	437,291	73,042	510,333	-	611,294	87,659	698,953
<b>Total liabilities not measured at fair value</b>	<b>-</b>	<b>437,291</b>	<b>73,042</b>	<b>510,333</b>	<b>-</b>	<b>611,294</b>	<b>87,659</b>	<b>698,953</b>

The bank's assets and liabilities according to the hierarchy of input data for determining the fair value:

	30.06.2018.				31.12.2017.			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>								
Derivatives	-	-	-	-	-	96	-	96
Financial assets at fair value through profit or loss	-	12,714	697	13,411	-	12,756	373	13,129
Financial assets at fair value through other comprehensive income	36,221	4,018	5,369	45,608	985,128	5,382	5,239	995,749
Investment properties	-	-	-	-	-	-	20,875	20,875
<b>Total assets at fair value</b>	<b>36,221</b>	<b>16,732</b>	<b>6,066</b>	<b>59,019</b>	<b>985,128</b>	<b>18,234</b>	<b>26,487</b>	<b>1,029,849</b>
<b>Assets not measured at fair value</b>								
Loans	-	-	802,545	802,545	-	-	996,098	996,098
Financial assets at amortised cost	207,495	9,807	-	217,303	767,871	4,396	7,353	779,620
<b>Total assets not measured at fair value</b>	<b>207,495</b>	<b>9,807</b>	<b>802,545</b>	<b>1,019,848</b>	<b>767,871</b>	<b>4,396</b>	<b>1,003,451</b>	<b>1,775,718</b>
<b>Liabilities at fair value</b>								
Derivatives	-	-	-	-	6	6	-	12
<b>Total liabilities at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>12</b>
<b>Liabilities not measured at fair value</b>								
Liabilities not measured at fair value	-	429,569	44,196	473,765	-	622,313	43,235	665,548
<b>Total liabilities not measured at fair value</b>	<b>-</b>	<b>429,569</b>	<b>44,196</b>	<b>473,765</b>	<b>-</b>	<b>622,313</b>	<b>43,235</b>	<b>665,548</b>

The analysis of fair value measurement's hierarchy of assets does not include cash on hands, deposits with central banks, balances due from credit institutions and other financial assets, due to the fact that these assets have not differences between the carrying amount and fair value in terms of short residual maturity. The analysis of fair value measurement's hierarchy of liabilities, which are not recognized at fair value, does not include demand deposits amounted to EUR 2.72 (2.95) billion in the group and demand deposits amounted to EUR 2.64 (2.85) billion in the bank, as these liabilities do not have differences between carrying amount and fair value.

Reclassification of financial instruments between level 1 and 2 of the hierarchy of sources of determining the fair value made in the reporting period and previous reporting period was insignificant, except the reclassification of Latvian central government bonds from the second level of the hierarchy of sources of determining the fair value to the first one amounting to EUR 25.8 (0) million.

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Analysis of changes in the group's / bank's financial instruments of hierarchy Level 3:

					EUR'000
<b>Assets at fair value</b>	30.06.2018.	Recognition	Change in revaluation reserve	Reclassification	31.12.2017.
Financial assets at fair value through other comprehensive income	5,369	289	(159)	-	5,239
Financial assets at fair value through profit or loss	171	-	-	171	-
<b>Total assets at fair value</b>	<b>5,540</b>	<b>289</b>	<b>(159)</b>	<b>171</b>	<b>5,239</b>

During the reporting period securities amounting to EUR 0.4 (0) million of one credit institution registered in Latvia were reclassified from Level 2 to Level 3 during the reporting period.

					EUR'000
<b>Assets at fair value</b>	31.12.2017.	Recognition	Change in revaluation reserve	Reclassification	31.12.2016.
Financial assets at fair value through other comprehensive income	5,239	60	1,837	-	3,342
Financial assets at fair value through profit or loss	373	-	-	373	-
<b>Total assets at fair value</b>	<b>5,612</b>	<b>60</b>	<b>1,837</b>	<b>373</b>	<b>3,342</b>

In the prior period there were no reclassifications to/from Level 3 during the reporting period.

At 30 June 2018, the fair value of financial assets, the changes of fair value of which are recognized in comprehensive income, the value of the discounted third fair value measurement source hierarchy value was 4.82% (0.49%) of the total financial assets measured at fair value, which is insignificant, thus, the group / the bank did not perform the sensitivity analysis.

Sensitivity of investment property value assessed by using the discounted cash flow method against market fluctuations match changes in lease payments, i.e., when income from lease payments decrease by 5.0% (5.0%), the value of assets decrease by 5.26% (5.26%).

## 16. Note

### Subsequent events

On 11 July 2018, the European Central Bank upheld the decision to withdraw the license of ABLV Bank, AS in liquidation for the credit institution operation. This decision came into effect on 12 July 2018. Withdrawal of the license is one of the steps foreseen under the voluntary liquidation plan of the Bank.

The FCMC filed an application for withdrawal of a bank's license for credit institution already on June 12th, the day the FCMC upheld the decision on the Bank's voluntary liquidation and the Bank became a joint-stock company in liquidation.

Having regard to the prohibition on providing financial services without the relevant license pursuant to the Credit Institutions Law, ABLV Bank, AS in liquidation immediately ceased to provide financial services and closed current accounts for all the persons to whom such accounts were opened at ABLV Bank, AS.

The decision of the ECB does not affect the creditors of the Bank, who continue to file their claims by September 18, 2018.

In July 2018, liquidators adopted a decision on sale of ABLV Asset Management, IPAS and ABLV Capital Markets, IBAS in the nearest future. The process of negotiating and agreeing with potential new shareholders is under way.

On 20 August 2018, the Liquidation Committee made a decision that as of 25 September 2018 it shall be determined that the initial currency, the USD, of the bonds of ABLV Bank, AS in liquidation, namely, ABLV FXD USD 030719 (ISIN: LV0000802270), ABLV FXD USD 271019 (ISIN: LV0000802320) and ABLV SUB USD 171127 (ISIN: LV0000802361), issued under the Base Prospectus of Seventh Bond Offer Programme, shall be redenominated to EUR.

Upon redenomination of the bonds, there shall be the rate of the European Central Bank (ECB) as at 24 September

**Notes to the interim condensed consolidated and separate financial statements of ABLV Bank, AS in liquidation for the six-month period ended 30 June 2018**

2018 applied in order to provide fair market rate as the date of exchange. After the redenomination, in the securities portfolios the clients will see the bonds in EUR with a new ISIN.

For now, the currency of other bonds issued by the company in USD shall not be changed – it will remain in USD.